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Definitions of Freedom

IV. The Webbs vs. Churchill

Last in a series of four portraits

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I

IN ANALYZING four pairs of antagonists, Hobbes and Locke, Robespierre and Jefferson, Marx and Schopenhauer, and now Churchill versus the Webbs, the cycle is fittingly concluded by another duel between English adversaries. Britain is in a transition which anywhere else would be accompanied by civil war and unspeakable violence. There the changing concept of liberty in our time is well illustrated by the Webbs on one side and Churchill on the other.

The atmosphere in which Churchill grew up was the free and easy one of the great families of England in the Victorian age. That period he once called with sensitive foreboding, "the Antonine age of Britain." His paternal grandfather was duke of Marlborough, his maternal one a New York businessman. His father, Lord Randolph Churchill, until his marriage, shared the fate of the more or less impecunious younger sons of England's aristocracy. His wife's dowry proved his and, after his early death, his children's salvation. In spite of his entree into the very best circles of English society, Winston Churchill was forced to earn a living. We may rest assured that he would have succeeded no matter whether he had been born among the Eskimos or in the jungles of a totalitarian state. Nevertheless, the felicitous blending of tradition and individuality cast him in a career of a truly British pattern.

It was his pen which first gained for him both a reputation and a competence. He entered politics as a Conservative bent on avenging his frustrated father. He soon discovered the English Parliament, with its give and take, to be life's most exciting arena. Into it he threw his vast energies, his indefatigable courage, and his mordant wit. His concept of liberty was that of an age when the House of Commons in many ways still resembled the Roman senate, ruling an empire with an apparent minimum of effort and certainly with a minimum of military force.

In his far too little known (and uneven) collection of biographical sketches of a number of contemporaries, Winston Churchill commented on Lord Rosebery's failure as a political leader in the following self-revealing terms:

> Lord Rosebery was the first Prime Minister for many years who had never served in the

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> House of Commons. He will very likely be the last. Whatever one may think of democratic government, it is just as well to have practical experience of its rough and slatternly foundations. No part of the education of a politician is more indispensable than the fighting of elections. Here you come in contact with all sorts of persons and every current of national life. You feel the Constitution at work in its primary processes. Dignity may suffer, the superfine gloss is soon worn away; . . . . much has to be accepted with a shrug, a sigh or a smile; but at any rate in the end one knows a good deal about what happens and why.

This was Winston's American heritage speaking. His sensitive father, Lord Randolph, had hardly shared such instinctive appreciation of the earthier aspects of democratic government. We wonder whether or not in 1945 Churchill remembered those words, when at the height of his triumphant leadership he was suddenly repudiated and a socialist regime swept into power. Clement Attlee succeeded him as prime minister, the same Attlee whose governess had once been Winston Churchill's.

The way in which Churchill's concept of liberty expressed itself was in action rather than in philosophical discourse. In that the Webbs outshone him easily. He came as close in the spring of 1934 as he ever did to formulating his innermost convictions on the subject of liberty when in a speech in his beloved House of Commons he exclaimed:

> I dread the day when the means of threatening the heart of the British Empire should pass into the hands of the present rulers of Germany. I think we should be in a position which would be odious to every man who values freedom of action and independence.

Freedom of action and independence, these are undoubtedly the keystones of Churchill's concept of freedom. He proved it in his long and checkered career. Party loyalty, that fetish of well-oiled political machines and glib politicians, has been in England, no less than in our own country, the prerequisite for political success. Churchill, however, has demonstrated the fighting independence of mind that he not only admires in theory but practiced on more than one crucial occasion. Son of a Tory—Lord Randolph Churchill had advocated what was then called "tory-democracy" —he was launched on the road to success by deserting the ranks of the Conservatives in favor of the Liberal Party. The era of Asquith and Lloyd George swept him into high office, the disaster at Gallipoli flung him out of it. The disintegration of the Liberal Party after World War I found him severing his own ties with it, running first as an independent for the House of Commons and then rejoining the Conservative Party. Needless to say, they regarded this fiery acquisition with very mixed feelings. Nevertheless it should not be forgotten that in England social standing counterbalances political antagonism to a considerably greater extent than is the case in this country. Winston Churchill belonged to the "best people," and irrespective of political differences of opinion, he was able to preserve cordial personal relations with many of his opponents, including Joseph Chamberlain, John Morley, and Herbert Asquith.

Yet even in England this era is drawing to a close. The gentleman freely accepted as a political leader is being replaced by the smooth party-worker. Churchill himself perceived this only too clearly:

> The leadership of the privileged has passed away; but it has not been succeeded by that of the eminent. . . . The pedestals which had for some years been vacant have now been demolished. Nevertheless the world is moving on; and moving so fast that few have time to ask —whither. And to these few only a babel responds. . . . The old world of culture and quality, of hierarchies and traditions, of values and decorum deserved its champions. It was doomed: but it did not lack its standard-bearer.

Curiously enough these words were meant as a tribute to a great Victorian, John Morley, whose resignation in August, 1914, evoked the last lines of the above comment. Yet today one might consider that passage in a sense as Winston Churchill's own epitaph. Does his verdict not apply to himself at least as well as to old John Morley in 1914!

> It was better for him, for his repute and for the great period and conceptions he embodied, that he should "testify" however impotently, and raise unavailing hands of protest and censure against the advancing deluge.

Twice, indeed, in the life of Churchill, these

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lines fit: once in the long years "while England slept" (as he called the years of Hitler's unchallenged ascendancy after 1933). Again since 1945, when in the face of an avalanche of unwelcome changes, deprived of power and counted out, he continues to wage what in the nature of things can but be a hopeless rearguard action.

The Churchillian concept of freedom may then be summed up however inadequately in the following terms: the maximum individual elbow-room within a wide but firm framework of democratic institutions. His imperialist tendencies, so often held against him by our enlightened contemporaries, are not incompatible with such views. Whoever has seen the pleasant results of a hands-off policy in China, Burma, and hunger-racked India today cannot feel too convinced about the success of anti-imperialist policies. The courage to protect "backward" peoples in a world resounding to the shrill tunes of battle pipes among giant states, to develop their assets and institutions slowly towards eventual equality, such courage is out of date today. Instead we have glib talk and endless international conferences larded with just enough American dollars to keep the non-Communist world from going on the rocks in short order. Such courage, however, Churchill possessed.

Those who gaze upon India as a splendid example of the supreme success of non-imperialist diplomacy should face the facts. While the democratic labor regime of England has turned India over to the Indians, it has handed it to Indians as aristocratic as no Englishman can hope to be. And "free India" is already on the verge of disaster, economically now and, perhaps, politically in the foreseeable future.

The arrival of Nehru in Washington has symbolized what should have been obvious: while retaining a constitutional—and for the time being economic—affiliation with the British Commonwealth, India is fast becoming an American instead of a British dependency. Who else but ourselves could possibly protect India against a Red army poised to strike at her northern frontiers? The proud words of Churchill that he did not consider himself under a mandate to preside over the liquidation of the British Empire echoed the feelings of a bygone day, of that halcyon Victorian age whence Churchill himself stems.

Not in 1914, not in 1940, but in 1933 Churchill, with the prophetic gift of his historical perception, drew the conclusions which since then have become only too obvious. The champion of individual freedom within a democratic order, he said:

> The worst difficulties from which we suffer .... come from a peculiar type of brainy people always found in our country, who if they add to our culture, take much from its strength. Our difficulties come from the mood of unwarrantable self-abasement into which we have been cast by a powerful section of our own intellectuals. . . . But what have they to offer but a vague internationalism, a squalid materialism, and the promise of impossible Utopias?

Churchill was then an unpopular Conservative member of the House of Commons, out of office, a male Cassandra who was listened to politely but without belief. He defended the right of individual liberty, individual liberty for states as well as men, against the twentieth century tide of guaranteeing a collective minimum of well-being at the price of curtailing the risks but also the scope of individual liberty. What he said of England applied equally to the individual:

> Nothing can save England if she will not save herself. If we lose faith in ourselves, in our capacity to guide and govern . . . . then indeed our story is told . . . . then indeed all that the croakers predict will come true, and our ruin will be swift and final. Stripped of her empire in the Orient, deprived of the sovereignty of the seas, loaded with debt and taxation, her commerce and carrying trade shut out by foreign tariffs and quotas, England would sink to the level of a fifth-rate power, and nothing would remain of all her glories except a population much larger than this island can support.
>
> Why should we break up the solid structure of British power . . . . for dreams which may some day come true . . . . but are now only dreams, and some of them nightmares? . . . We are at once more experienced and more truly united than any people in the world. . . . We ought to rejoice at the responsibilities with which destiny has honored us, and be proud that we are guardians of our country in an age when her life is at stake.

To rejoice at responsibility—to fight the

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good fight—these, too, are integral parts of Churchill's concept of liberty. Where, we may ask, is that joy manifest in woebegone Cripps, bland Attlee, grim Bevin? Where is it found in the impeccable, stuffed-shirted breast of Anthony Eden, doomed to succeed Churchill as leader of the British Conservatives? Yet England still is a country more truly united than any other even today. In token of that, Winston Churchill himself bestowed the Order of Merit upon his contemporary, the architect of the utopia now encompassing England: Sidney Webb.

II

What could be more characteristic than the defeat administered to Churchill's individualistic concept of liberty by a team, Sidney and Beatrice Webb? Ironically it was the older generation that defeated the younger. For Sidney Webb was born in the almost legendary year 1859, 15 years before Winston Churchill saw the light of day. In 1859 Prince Albert was still alive, and Bismarck was a mere Prussian ambassador. Napoleon III was at the zenith of his power, and Karl Marx was a refugee in London working hard on *Das Kapital.*

How much credit for Webb's amazing career was due to his wife Beatrice (whom he married in 1892), no one will ever be able to decide with accuracy, so intimate was the intellectual union between the two. In her posthumously published *Our Apprenticeship,* Beatrice drew a character sketch of her husband which—remarkably free from wifely bias in his favor—ranks among the best analyses of a man whose very colorlessness outside his study made him a living contrast to Winston Churchill. "Undistinguished and unimpressive of appearance" she calls him. His intellectual qualifications she thinks are a freak of nature, since his family background provided no possibility of ascribing them to hereditary influences.

> Regarded as a public personage, Sidney Webb has always been the delight of caricaturists. With his big head, bulgy eyes, bushy moustaches, and square-cut short beard, small but rotund body, tapering arms and legs and diminutive hands and feet he lends himself to the cubist treatment of the ridiculous.

Clearly it was not physical attraction which swayed Beatrice in 1892. Nor was the father of British socialism a "prepossessing" speaker. But true to the modern type of anonymous leaders of collective organizations, he did show his mettle most effectively in committee work and committee meetings. Calmly Beatrice admitted that "admirable as a social engineer, Sidney Webb has not the make-up of a popular leader."

Yet this was the man whose ideas caught to an increasing extent the imagination of English voters, until after two unsuccessful attempts the British Labor Party was swept into power in 1945. The Labor Party considered the election a clear-cut mandate to carry out some of the most far-reaching measures of social and economic legislation in the annals of English history. The contrast between the triumphant social engineers and the intuitive genius whom they defeated is almost ridiculously extreme. While Churchill has many foes, he has also ardent friends galore. Not so the late Sidney Webb:

> He is on friendly terms with many people; they trust him and he trusts them; but he is too absorbed in disentangling questions and promoting causes to have intimate friendships.

Sidney and Beatrice as comrades in intellectual arms went far. Their opposition to Churchill, however, remained within the bounds of politics. In private life, especially before World War I, they maintained social contacts of a somewhat detached but amiable nature. On October 16, 1908, for instance, Beatrice, married for 16 years at the time, visited a pair of newlyweds and reported:

> On Sunday we lunched with Winston Churchill and his bride—a charming lady, well bred and pretty, and earnest withal—but not rich, by no means a good match, which is to Winston's credit.

In those years Winston was a leader of the Liberal Party which then still held the bulk of the progressive vote of the British electorate. And at no time did he underrate the intellect of Sidney Webb. Bernard Shaw, whom Churchill calls "one of my earliest antipathies," was one of Webb's most illustrious "victims," as Churchill grudgingly admitted. And what, indeed, was Webb's concept of freedom? It was the kind of freedom which his loyally plodding disciples of today

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are trying to establish: a combination of freedom from want and worry with the traditional civil liberties of good o'd England. Utopian perhaps? But tried with the methodical patience which distinguishes the British brand of Marxism—largely thanks to the Webbs—so curiously different from the volatile and coldly ferocious Russian variety.

Nowhere perhaps did this socialist concept of liberty find a more lucid expression than in the joint work of the Webbs entitled *A constitution for the socialist Commonwealth of Great Britain.* It was published in 1920 not long before the first (though still limited) Labor Party victory at the polls. This slender volume should be far more widely read in this country than it has been in late years. It contains the blueprint for what—with some variants—the British Labor Party is trying to bring to pass in our own time. The chief institutional innovation has indeed not yet been made. The Webbs suggested the substitution of a new bicameral regime for the ancient one, replacing the House of Commons and the House of Lords with two parliaments, one a political and the other a social parliament. Both, for certain purposes, especially the passing of the budget, might meet in joint session. Their functions would normally be neatly separated, one dealing with foreign and political, the other with domestic social and economic problems. This balance between two houses was meant to establish an equilibrium of power which would be beneficial for the preservation of individual freedom:

> No proposal to lessen the existing freedom of the individual by the creation of new statutory offenses should lightly become law. Socialists are at least as anxious as Liberals or Conservatives to protect individual liberty against the enthusiasm of a Social Parliament which might be carried away by its absorption in improving the mental and material environment of the present generation, or in making provision for coming generations; and likewise against the zeal of administrative bodies, eager to surmount difficulties or tempted to "make people better by Act of Parliament."

That very fear of the Webbs of a Social Parliament being carried away by soaring enthusiasm, oblivious of the hard and often bitter realities of international affairs, has been amply justified in the past few years. Nor can the practical ability of civil liberties to survive in an era of ever-mounting bureaucracy be taken for granted, even allowing for the sincere desire of England's Socialists to preserve them. The term "red tape," after all, is of British origin. English official papers once were literally tied with tape of that hue. The two social engineers foresaw this dilemma, and for that very reason insisted upon division of powers:

> It is desirable to separate and isolate the governmental power over persons . . . . from the governmental power over things.

As if in the hurly-burly life of human reality this neat division were ever feasible! The power over things, indeed, does give a modern government far-reaching control over the lives of persons, no matter what the well-meaning text of a Webbsian constitution might say. The right to strike, if and when most important industries are nationalized, would be safeguarded by a pious legal fiction. A strike against an administration responsible to the Social Parliament would not be a strike against the government itself, since the Political Parliament would have no jurisdiction at all over the nationalized industries in times of peace. Such finespun theories expose very brutally the basic shortcoming of all Webbsian thinking: its profound ignorance of human nature with its will to power, its irrational moods, and its preference for emotion over reason.

> The Social Parliament . . . cannot, of its own authority, compel the citizens to take advantage of its enterprise, or forbid anyone among them to carry on the business for himself. But if in its zeal for the well-being of the citizens, it wishes to compel the individual citizen to do anything, or forbid him to do anything . . . it must seek the concurrence of the Political Parliament.

The latter has control of the armed forces and can, therefore, impose its decisions with far greater forcefulness upon recalcitrant or rebellious citizens. The complete neglect of this difference between the two houses—a difference which at all times would make the Political Parliament superior in power to the Social one—represents the well-known social-

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ist blindspot concerning the potentialities of military power in internal affairs. The Communists are free from this delusion, but then they are also free from any penchant for civil liberties for the individual. Yet the Webbs blithely anticipated that "personal freedom will have the new safeguard of the requirement of concurrence by two separately elected national assemblies." What would happen if one House had a Socialist and the other a Conservative majority apparently did not occur to them.

Unmindful of at least contemporary Russian history, the Webbs reached the conclusion that the more complex and complicated the machinery of national administration, the better protected individual liberties would be.

The climax of this concept of liberty is reached in the enthusiastic anticipation of "a vast and incalculable expansion of personal freedom" in the Socialist Britain of the future. One wonders whether this or any future Labor regime in Britain will be able to adhere to the promise of the Webbs:

> We shall certainly preserve in Great Britain, whatever may be done in countries more accustomed to the "Police State" (written in 1920!) the enormously valuable principle that whatever is not expressly declared to be an offense against the law is permissible to the individual, without leave or license from any department or official.

How far has Britain, admittedly under the impact of World War II and not of her own volition, gone in curtailing one individual right after another! Yet how could it be otherwise in a country which, after a planned economy enforced by war-time crises, has opted for a permanently planned economy! How far, however, did the Webbs mean to lead British Labor from the volcanic concepts of revolutionary Marxism:

> We ourselves lay equal stress on the freedom of the independent professional, and even on the continuance, unabsorbed, of individual producers themselves owning the instruments with which they labour. What we visualise is a community .... not only invigorated by a sense of personal freedom, but also constantly swept by the fresh air of experiment, observation and verification.

To have one's cake and to eat it too. What philosophy could be sweeter! Of all brands of Marxism, the Webbsian variant surely has been the gentlest. It is still too early to judge the British experiment in evolutionary socialism, but only Britain has been able to produce at one and the same time such diametrically opposed protagonists of liberty as Winston Churchill on one side and Beatrice and Sidney Webb on the other. The calibre of these antagonists and the high level on which the combat between them has been and is still being waged is perhaps the most reassuring sign for the future.

III

With Hobbes and Locke the struggle began in seventeenth century England: the rights of the state versus the liberties of the individual. Hobbes favored the state, Locke the individual. In the eighteenth century Robespierre and Jefferson became standard-bearers in the two camps, Jefferson favoring the individual over the state, Robespierre the state regardless of the fate of the individual.

In the nineteenth century Schopenhauer carried individualism to the farthest extreme. His, indeed, was the philosophy of intellectual nihilism. To combat his individual desires was man's supreme task. The only freedom worth striving for was that of a mind so profoundly at peace that no social or economic bait would tempt it into material desire. Marx professed, though with a somewhat uneasy conscience, the supreme importance of material values. He too saw the ideal in a state-less society, but prior to that utopian condition, mankind was doomed to go through the dark vale of government controls and party-dictatorship (naturally for man's own good!).

Churchill, a twentieth century champion of the Locke-Jefferson concept of freedom, has faced the advocates of an ubiquitous socialist regime. The Webbs promised to make the best of both worlds.

Clearly there are profound differences between all concepts of liberty evolved by their champions in the past three hundred years. Fundamentally the issue is still what it was when Locke challenged Hobbes: Where must the line be drawn between organized society's natural instinct of self-preservation and man's assertion of what he hopes is his inalienable right to individual liberty. Our century is pregnant with the answer.

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British Commonwealth In Crisis

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The effect of devaluation

ANY reasonable forecast in connection with that well-burnished subject, "The Break-up of the British Empire," must take into account the mesh of economic-financial agreements and traditions which bind together the countries of the British Commonwealth. The cords are almost invisible to the average eye but they are extremely strong, so strong that even when countries cut political ties with the Commonwealth, they cannot be broken.

The countries of the British Commonwealth (except Canada) are bound together, whatever the names of their particular national currencies, by long dependence upon a common unit, the pound sterling. It follows that they are now linked in misfortune by a shortage of dollars, a post-World War II problem, and by the necessity of following Britain in devaluation, a phenomenon of 1949.

A speedy change in national policy throughout the Commonwealth in the summer of 1949 shows the strength of the bond. When Britain's dollar gap began to look ominous in the second quarter of the year, it was imperative that representatives of the Commonwealth should be called together to discuss the common problem. The scanty dollar resources of the group have been pooled in London since the beginning of World War II.

The finance ministers of the various countries—Canada, Australia, New Zealand, South Africa, India, Pakistan, Ceylon, and Southern Rhodesia—came willingly and quickly to London. They held a shorter session than was anticipated and issued an unusually informative communiqué at the end of the session on July 18. The communiqué stated that "immediate steps necessary to check the continuing heavy drain on the central reserve of the sterling area were discussed, and the Ministers concerned agreed to recommend to their Governments action comparable in its results to that already decided upon by the United Kingdom."

The action decided upon by the United Kingdom was a 25 per cent cut in dollar imports in the coming year. The joint announcement meant that the whole group of Commonwealth countries would cut their dollar imports by a fourth, with a net saving to the group of more than £175 million a year.

The cuts were not easy to make, country by country, but by the beginning of September it was announced that all the participating countries had finished their plans. In many cases it was the drain on dollars that was cut rather than the imports, which were now looked for in other Commonwealth countries. Australia, which already had its dollar imports down to what it believed to be an irreducible minimum, began negotiations for getting petroleum from Russia. Southern Rhodesia, which had already over-spent, had to make the cuts for a 15-month period. South Africa which, as a gold-producing country, was left out of the decision, decided upon a 50 per cent cut. Canada, whose only shortage was that of American dollars, followed the agreed plan.

Nevertheless Britain continues to carry on her own shoulders much of the Commonwealth load. The drain on British gold and dollar resources caused by Commonwealth and Empire claims on sterling was an increasingly serious problem at the time the import cuts were made, and it seemed unlikely that

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it could be eliminated by devaluation. At the end of the first six months of 1949, the rest of the sterling area deficit with the dollar countries was increasing more rapidly than the United Kingdom's own; and, unlike the United Kingdom's deficit, it was higher than in the corresponding period of 1948.

The sterling area, to be sure, is not coterminous with British dominions and possessions. Canada, a member of the dollar group, is absent from the list of self-governing Commonwealth members, and the foreign countries of Eire, Burma, Iraq, and Iceland are in the sterling group. In addition, the dependent territories of the British Commonwealth belong to the sterling area. A widespread use of sterling prevails in other soft-currency countries, described in British Treasury regulations as "Transferable Account Countries." This group now includes Norway, Italy, Czechoslovakia, Chile, and 13 others.

The story of the spontaneous growth of the sterling area has little in it to suggest that a world problem has been developing. In the nineteenth century, when Britain was both the workshop of the world and the largest market for primary products, sterling was the most freely acceptable currency in the settlement of accounts everywhere. It was natural that British countries and foreign countries with a large trade with Britain should use it as the basis of their own currencies. In addition, most of the countries turned to London for capital and to British banks for banking services.

When the foreign exchange crisis of 1931 forced Britain off the gold standard, most of these countries chose to link their currencies to the pound rather than the dollar, chiefly because of their long-established trading and banking habits. The *sterling bloc* of the 1930's included all British countries (except Canada and Newfoundland), the Scandinavian and Baltic countries, and a number of others outside the Commonwealth.

With the outbreak of war in 1939 a more formal sterling area came into existence. Since it was necessary to conserve all foreign exchange, especially dollars, an inner ring of the former *sterling bloc* countries was transformed into an official sterling area, in which all foreign (dollar) exchange was pooled in London. The members drew on the common pool at will, but restricted their drawings to essential war-time needs.

The war-time sterling area consisted of all countries of the British Commonwealth (except Canada and Newfoundland), Egypt and the Sudan, Iraq, Iceland, the Faroe Islands. There have been a few accessions and withdrawals since that time, but Eire and Burma remain members although they are no longer in the British Commonwealth.

THE DOLLAR POOL

The existence of the dollar pool helped Britain greatly in rebuilding her war-time gold and dollar reserves to a safe level, although the amount held stood at only $1,840 million in June, 1945, compared with $2,455 in August, 1939. In addition, Britain was able to buy from the members of the sterling area goods and services on a vast scale without the necessity of immediate repayment. The bill was allowed to mount in London in the form of "sterling balances," which amounted to about $11 billion in June, 1945. On the list of countries holding sterling balances—a list which included a few outside countries—India was by far Britain's largest creditor.

It is this situation—Britain's large debts to sterling countries—that has created today's problem of "sterling releases" and "unrequited exports." Britain's sterling creditors on this large account have been allowed—too freely, critics say—to take payment in British goods. All the buyers do is surrender a paper claim on London. These "easy" or "unrequited" exports by Britain have absorbed productive energies which should have gone into the drive for dollar exports, and at the same time they have probably obscured the British need of cutting costs and selling in a truly competitive market.

When the negotiations for the Anglo-American loan were going on in 1945 the American representatives assumed that much of the load could be written off just as the bulk of Lend-Lease was written off, neglecting the fact that India, the chief creditor, was unlikely to be generous. One of the clauses of the loan agreement provided that the sterling balances, by that time amounting to about $12

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billion, should be divided into three parts as Britain undertook negotiations with her creditors. The first part was to be cancelled as a Commonwealth contribution to the war effort. The second, presumably small, would be made convertible for expenditure anywhere. The third part would be founded on a long-term basis, with the sums gradually released made convertible anywhere.

It has seemed impossible to Britain to carry out this agreement, largely because her creditors will not cancel the sterling debts. Only Australia and New Zealand have contributed by making cash gifts to the United Kingdom. India (now India and Pakistan) has pressed hard for payment, beginning even before the war was won. Eire and Egypt, the next largest creditors, have naturally yielded nothing, and Australia, fourth in order, has had only limited means from which to furnish gifts.

Two factors brought the unrequited exports under sharp criticism, especially in Great Britain, in the latter half of 1949: the renewed dollar shortage which could only be met by increased exports to dollar countries, and Britain's release to India early in August of £50 million from the sterling balances, although no more releases were due until the following year, when the agreed amount was to be £40 million.

India has recently had a heavy import program providing largely for consumer goods. In the 12 months ended June 30, 1949, she spent the whole of the sterling which she had agreed with the United Kingdom would be adequate for three years and also heavily overspent her allocation of dollars. This way of doing business brought rewards rather than punishment, for India also received a second £50 million for 1949-50 if the amount should be necessary to meet "contractual imports" and a specific limitation to her dollar quota was removed.

The reasons why Britain cannot say "no" to India have not seemed mysterious to British critics. India is presumably a bulwark against communism in the east, and India's absorption of British products keeps employment high while the Labor government is making ready for a general election. As for India herself, said *The Times* city (financial) editor, "one of the worst features is that huge amounts are being spent while her capital investments program is still unprepared and sterling tends to be spent on consumption goods."

It is easy to see where the dollars go. From 1936 to 1940 India had a trade surplus with the United States, but by 1947 she was importing $148 million more from us than she was selling to us. And although the figures have since fluctuated, India is still purchasing consumer goods heavily in the United States and failing to meet the cost by selling her own goods.

Another illustration of the strength of the cords which bind the sterling area together, and of their intricacies and varieties as well, comes from Ceylon. The financial agreement with India had scarcely disappeared from the headlines when an agreement with Ceylon was announced. Ceylon, too, obtained a further increase in the releases permitted to be made from her immobilized sterling balances and also received permission to retain $1 million out of her dollar earnings with which to help establish the reserve of the dominion's new central bank, the Reserve Bank of Ceylon.

CEYLON

Ceylon has, it is true, a special position among the sterling area countries, for she is the only self-governing dominion who is a net earner of dollars. Probably in the coming year Ceylon will put into the dollar pool far more than she takes out. Evidently, also, she means to make a determined effort to enforce the 25 per cent cut in dollar imports agreed upon by the Commonwealth countries. But from Britain's point of view, Ceylon is now to preempt even more British exports than before, thus extending Britain's protected and "easy" market and diverting exports from the dollar market.

Just how these ties can be loosened and some of the burden lifted from the shoulders of the United Kingdom is a major problem. Walter Lippmann, in reviewing the situation as a whole, suggests that by some means or other the United States will have to take over the responsibilities for the financial needs of Britain's former Asiatic empire, particularly of India, the largest of Britain's sterling creditors. The British protected market in that part of the world will then be thrown open

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to American and world competition, with a deep readjustment in Britain and probably some unemployment. But Britain will be relieved of a load that she cannot carry and which renders her industry uncompetitive.

Admittedly the usually conservative International Bank for Reconstruction and Development has taken a rosier view of India as a risk, at least with respect to India's railways. A loan of $34 million for the reconstruction and development of Indian railways was announced in August, 1949. In this connection New York papers gave a remarkable amount of space to India's hopes and plans, an indication that American readers were open to suggestion about placing capital in India, however wary they might be about taking on the day-to-day burden implied in Walter Lippmann's suggestion.

When the British pound was devalued in September, all the other sterling area countries, with the exception of Pakistan, followed suit. The Pakistani Finance Ministry took the view that the country's exports could not profit from devaluation, since they consisted almost entirely of raw materials and did not admit of any appreciable expansion. Indian opinion was sharply critical of Pakistan's decision, which could conceivably have been a weapon in the dispute over Kashmir, and found the prospect of paying some 30 per cent more for Pakistan's jute an almost intolerable one.

It is still too early to appraise strains or assess the results of devaluation in the other sterling area member countries of the British Commonwealth. In Australia the decision to devalue proportionately had a mixed reception. The Opposition believed that British exports would be diverted from Australia to the United States and exports would experience a painful shortage. The government, sidestepping this issue, argued that little harm could be done to Australian imports from the United States and Canada, which were at the very low figures already of 10 and 3 per cent respectively, and that the half of Australian imports that were bought in Britain would now continue to come in at the old prices.

Canada, a dollar country and at the same time a Commonwealth member, faces in both directions. Before the Washington conference in September, when Canada's Finance Minister Abbott was the active third party in the American-British negotiations, Canadian opinion was sharply critical of both other countries, but far from hostile. The necessity of cutting British costs of production was as clear in Canada as in the United States, and the obstacles and irritations produced by the cumbersome American tariffs were as heartily disliked in Canada as in Britain.

In the end, Canada devalued by 10 per cent, thus reverting to a familiar ratio to American currency and making concessions to both worlds in which she must play her part. She hoped to help her own shortage of American dollars by the cut, and at the same time to impose on Britain a less severe cut in Canadian supplies than was anticipated for American products.

The effect of the 1949 import cuts and devaluation may well be a temporary strengthening of the economic-financial ties of the Commonwealth. As American imports become relatively more expensive, sterling area countries are likely to search for products in other devaluing countries. Also, the continuing resentment against the height, the administration, and the unpredictability of the American tariff militates against real confidence in freer trading with continental United States.

The best British opinion, however, agrees with that of the United States and Canada in holding that an undiscriminating policy of closer Commonwealth cooperation can do real harm. It is admitted freely and fairly cheerfully that Britain, and most other sterling countries as well, must now face the comparative tests of competitive costs and prices.

The conclusion must be that the best chance of lasting cooperation lies in the economic solvency of each of the member countries. When they can negotiate on equal terms, when Britain no longer need carry a disproportionate load on behalf of the rest, and when each can face the competitive world with a contribution to make in its own right, the terms of Commonwealth cooperation should change for the better.

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What shall we do about Panama?

The Bridge of Fear

By ARTHUR STANLEY RIGGS

Commander Riggs is a retired officer of the United States Naval Reserve and a special student of the Panama Canal. The views expressed in this article are exclusively his own and do not represent those of the Navy Department.

NOW that the capacity of the Panama Canal is being taxed by ocean traffic, which continues to grow steadily with the world's post-war recovery, we, as its operators, are faced with two interrelated problems. How can we best secure the needed extra facilities which by 1960 will be imperative if the Canal is not to cause confusion and serious, costly delay? The second is equally vital. How can we do this without resorting to means similar to those President Theodore Roosevelt used when the United States first undertook to see that the Canal was built? We do not, instinctively, distrust our own motives, but the world may. We should remember the long history of Panamá, and the tremendous part continuous fear has played in it.

To most of us, fortunately, fear is merely a word. We have nothing actually to fear, and knowing that, we carry ourselves perhaps with a slightly self-righteous attitude toward fear's victims.

It is not altogether an academic question to ask ourselves what we should be and what we should do if for 450 years we had lived constantly in an atmosphere charged heavily not with one fear but with many fears. We might also gauge the true greatness of the Spain of the past by remembering De Tocqueville's remark that the "physiognomy of a government can best be judged in its colonies, for there its characteristic traits usually appear larger and more distinct." The false vision, the deep religious fanaticism, the individual cruelty of reckless adventurers, despite clear government orders to the contrary, the wild lust for both gold and power in *Tierra Firme*, paint for us a picture of the Spanish homeland that goes far to explain the steady retrogression of the realm of Don Quixote.

For centuries a whole people lived in daily fear of being robbed of everything they possessed; of having their homes burned to the ground; of being obliged to flee into swamp or jungle or inhospitable hills with their children, their aged, and their sick; of being hideously tortured or of being killed without provocation. The women and children feared being actually eaten by demons in human form. With four centuries of this horror behind them, came a brief respite and then another set of fears: national collapse under the pressures of a powerful neighbor, the loss of independence and of most of the rights that accompany political and religious freedom.

That unhappy people lives between the Americas. It is the mixed population of the bridge of fear that connects North and South America, the Isthmus of Panama. Secure in our own borders and confident in our natural and intellectual wealth, we have not understood our Panamanian neighbors. The benefits we have thought we conferred upon them are of dubious quality in many instances. We have completely overlooked the fact that our mere shadow weighs more in Panamá than all the rest of the Americas and Europe combined. The Panama Canal and Railroad have profoundly affected Panamá's economy and brought the little Republic many good things. But they have also vastly increased

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her domestic problems by indirectly affecting social and educational imbalance, health, crime, and so on. To understand all this it is necessary to glance back over the history of the Isthmus, and to evaluate the evidence largely disregarded hitherto in our imperialistic plans and our slightly noxious "do-good" talking points.

When on his fourth voyage in 1504 Columbus touched the Atlantic side of the Isthmus, he took the lid from a veritable Pandora's box. The Spanish conquerors promptly turned a country into a road. They had no interest in Panamá beyond exploiting such wealth as might easily be appropriated. The *Camino Real,* or Royal Highway, in reality little more than a villainously bad trail between Panamá on the south and Nombre de Dios at the north, the Spaniards made the artery through which flowed a flood of gold, pearls, emeralds, silver, and other precious goods. The results for Spain were tragic enough, and we have a fairly accurate estimate of them. What we have never bothered about is the effect those four black centuries had upon the people of the Isthmus.

The centuries saw Francis Drake and Henry Morgan plundering Spain at will. Pizarro started his conquest of Peru and the pillaging of the wealth of the Incas from the bridge of Panamá. Admiral-of-the-Blue Vernon in 1739-40 smashed up the fortifications of the Atlantic side of the bridge with a formidable British fleet, and so impressed his young lieutenant, Lawrence Washington, that Mount Vernon was named in his honor. Balboa first saw the great South Sea in 1513 from the summit of the Continental Divide that spines the Isthmus, and Drake, years later, was the first Englishman to sail across it. In every direction and in every way this in-between country is not only of surpassing interest, but as the crossroads of the world, present and future as well as past, its preservation is a matter of concern to civilization.

The Republic of Panamá is larger than we usually believe. Its area in square miles is only a trifle less than that of the four states of Vermont, New Hampshire, Massachusetts, and Delaware: 29,065 miles compared with 29,541. But the compact industrialization of the New England group comfortably supports a population now running to well beyond five millions. Undeveloped Panamá, with its hundreds of miles of infertile and untillable land disposed in mountains, swamps, pestilential jungles, and eroded areas, has a white population of a mere 26,906, and a black, yellow, and half-breed population of 145,073, according to the last Panamanian census. The government, under whatever name it functions, is necessarily an oligarchy and behaves accordingly. This is something distinctly foreign to our North American way of thinking. As we do not send either military men or government representatives to the Isthmus who themselves seem to understand this, certain frictions have developed which could have been avoided.[1]

Two years ago, because I have been the most outspoken figure in the fight over improvements to the Panama Canal, a Panamanian engineer attacked me in the daily papers of the capital city. His arguments and mathematics were open to serious question, but his psychology was sound. He said that whatever the United States does, the verdict of the world will be rendered on the basis "that it is precisely by what they do in Panamá that the United States must be judged." In other words, if we treat Panamá fairly and without pressure, the Americas and in turn Europe, Asia, and Africa, will find their suspicions of us slightly less tinctured with apprehension.

If we apply pressures to get everything we think we want, and Panamá feels affronted or robbed, the whole flimsy fabric of our Good Neighbor boast vanishes overnight. Every Central and South American state, with the possible exception of Brazil, will feel insecure, aggressively distrustful of our pronouncements, acutely aware that we are the mightiest nation in the world in a commercial and financial sense—and morally bankrupt. All these countries know how easily power is abused, and to what distress such abuse inevitably leads. We face a danger on the Isthmus quite as real as Panamá faces from us. Its effects, if we boggle our

[1] This criticism does not apply in any way to our present Ambassador Monett Davis. He has repeatedly displayed his understanding, tact, and initiative and is giving us excellent representation, besides winning the respect and friendship of the Panamanians.

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opportunities, will have tremendous impact upon the world.

Though our detailed knowledge of the Isthmus begins only with the bold railway project and the finale of the gold rush in 1851, the stormy story goes back centuries. Panamá had its first major shock on April 20, 1550, when the two bandit grandsons of its founder captured the city, looted it thoroughly, abused many of the citizens, and tied the new Bishop, Fray Pablo Torres, to a stake in the main plaza. There they insulted him, mocked him, spat upon him, and threatened even worse. After they had left, the outraged townsfolk released him, organized a pursuit, and drove the bandits into contact with a government armed force. Between the two groups the despoilers had a merry time. Not one escaped.

Fires played a terrifying role in the grim story. A few of the conflagrations that swept the largely wood-and-straw constructions occurred in 1539, 1563, 1644, 1671, 1737, 1756, and 1781. The constant raids of English, French, and Dutch pirates began on a large scale with Drake's foray of 1572. They forced Spain to spend millions to fortify and garrison her American ports, and at intervals became so vicious and alarming that men more than once slept for weeks on their arms. Henry Morgan took and looted Panamá in 1671, and in the bloody argument outside the city—the Spaniards lost 600 men and Morgan 200—no quarter was asked or given. When the Spanish governor saw the city was lost, he blew up the magazines, and in the fire that resulted the city was so thoroughly destroyed that it was abandoned and built anew a year or so later on its present site.

As many of the African slaves as could revolted, joined the native Indians in the bush, and bred a new and savage enemy for the colonists, the Cimarrones. *Cimarron* in Spanish means wild or unruly, and as used in the colonial records it indicates the savage runaway slaves and their descendants. The English called them "Maroons." Their abiding hatred of everything Spanish frequently led them to make friends with the English adventurers, and to inflict hideous reprisals upon every Spaniard unfortunate enough to come into their power. Mere gold had no meaning for them, but they understood thoroughly the Spaniards' lust for it. They partly evened the score on one occasion by "giving the Christians all the gold they could take"—melted and poured bubbling into their opened bowels.

Besides these purely material terrors, whites and Indians alike were made to feel the horrible, chill fear inspired and assiduously cultivated by the Inquisition. As Englishmen by this time were all nominally heretics, any awkward or particularly annoying cases the civil authorities could not or did not believe it wise to handle, were turned over to the grim bigots of the Holy Office. This was a convenient arrangement while it lasted, and no foreign pirate or adventurer "questioned" survived to tell tales. Civil, religious, and military authorities were also frequently at open enmity, and both the distant king and the local colonists suffered. As we gaze back over the dark record of incompetence, flagrant dishonesty, meanness, intrigue, jealousies, and inertia, the parallel of Spanish colonial administration with democratic administrations today, both federal and local, is startlingly clear.

TREASURE

The answer to our doubts regarding Spain is embodied in the name given the Isthmus early in its tragic story: *Castilla del Oro*, Golden Castile. Spain echoed from Barcelona to Lisbon with tales of the unimaginable wealth to be picked up there without effort. Some of the stories were partly true. Spaniards had stumbled upon nuggets of pure gold in certain rivers. Placer deposits yielded fabulous sums. The proof lay in the whole shiploads of treasure—silver by untold tons, gold by the hundredweight, pearls, emeralds beyond price—pouring into Spain with the regularity of a ferry service. But the treasure tales that drew men as sugar draws ants failed to enlarge upon the Indians with poisoned arrows, the deadly jungle snakes, the fevers that more than decimated whole companies and towns, and the murderous pirates who raided not only shipping and seaports but penetrated far into the interior. Some of the marauders were so terrible that a great Frenchman called them "Tigers with reasoning powers."

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Sixteenth century Spaniards were tough, hard to kill. Those who went to the Ultramar were especially lusty and ferocious. They had to be to survive, and their own historians have recorded so black a chronicle of their behavior that the depredations of the pirates seem hardly more than a balancing of the scale. The whole story is one of such complete misconception of opportunity, such mismanagement in administration through fear, treachery, bigotry, cruelty, self-seeking, and outright hate that the Panamá of the twentieth century is little short of a miracle in survival. With such a background, it is easy to understand Isthmian suspicion of our slightest move, jealousy of our power and wealth, and bitter resentment at much of the treatment we have accorded a republic we facetiously style "an equal sovereign state."

The worst of it is that an oligarchy of 27,000 whites surrounded by five or six times as many hybrids of color is clearly not the equal of a state of more than a hundred million whites, a democracy with extraordinarily firm foundations. Nobody knows this better than the educated Panamanians, and the knowledge is not pleasant. That is the real reason for the delicate political situation that faces us upon the Isthmus and makes what we do so important in the eyes of all the rest of Latin America, whose backgrounds and experience parallel those of Panamá, and whose feeling is identical.

It was into this atmosphere that President Theodore Roosevelt violently projected us in 1903 by clubbing Colombia into letting Panamá establish an independent government. No South American can forget the Big Stick policy. A well filled cat turns from cream. But there is no telling how soon the cat may again be hungry, and instinct does not change except under remarkable pressure. After the revolution we built the Panama Canal, and having secured what we wanted and blocked other nations, we smugly decided to be exceedingly moral and well behaved. We were no longer hungry!

Since 1851 the Panama Railroad has been functioning admirably, and besides performing its planned duties has accomplished much incidental good for Panamá. The Canal, which operates the railroad as an adjunct, has served the entire world's commerce and shipping for 35 years. Now it is regarded as likely to prove inadequate by 1960. Various powerful interests have demanded improvement to ensure its adequacy, the construction of a sea level canal partly following the present waterway, or the adoption of an alternate route in another location, with the building of one of any number of fantastic systems for transit from ocean to ocean. These schemes include a railway to drag ships overland, bomb-proof tunnels through the Continental Divide, sea level, high lake-level, and mixed type canals, all regardless of cost.

Those individuals and groups who have declared for the sea level plan at Panamá have gone far out on a very dubious limb. They are sawing it off behind themselves by approving specifications and plans based upon largely theoretical conclusions that every engineer who had actual experience in building the present canal regards as fallacious and misleading to the point of disaster. The record is clear and conclusive in innumerable documents published by the government and in technical papers and discussions in naval, marine, and engineering periodicals, some of them republished as documents of national significance in the *Congressional Record*.

There is also in the background the sane and conservative plan for the Pacific terminal lake, balancing and making adequate to foreseeable demands the present canal without interfering for a moment with its operation. It was slowly worked out by Captain Miles P. Du Val, United States Navy, retired, as a result of his more than three years' experience as Port Captain at Balboa during the war. This is, moreover, the first and only plan for improving the canal based upon the experience acquired in putting ships through in all conditions, including stress. Casting all theory aside, the terminal lake plan is based soundly upon actual operating experience, published official data, common sense, and a cost well within the bounds of reason. Its appeal to an economy-minded Congress is indisputable.

What does not appear on the surface of any of these plans, aside from the terminal lake, is their complete disregard of several major factors. We are blithely informed that costs mounting into the billions are negligible.

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Comment is superfluous, but the annual interest at three per cent on $2,480,000,000 comes to $73 million a year! We are emphatically not told that before we could dig one spadeful of earth for a sea level canal we should have to negotiate an entirely new and distinctly different treaty with Panamá at high costs to ourselves. We are assailed by raucous nonsense about atomic bombing, national security and the like, though all canals, regardless of type, are vulnerable to the atom bomb or to any bombing. Last, and perhaps most significant of all from the purely economic standpoint, nothing is said about the profits of the manufacturers of special and heavy machinery, new fangled and unproven dredges; the never too modest emoluments of the purveyors of the innumerable goods and supplies required by such an undertaking, from dynamite to diapers. Then there are the appalling payrolls of labor for years to come; the costs of new construction and, in the case of a canal at an alternate location, the astronomical figures to cover the establishment of complete terminal port facilities, which involve the building of whole cities.

Panamá naturally regards most of these schemes with dismay. Our more sober minded legislators also recognize the seriousness of the problem. Many of them have made personal investigations on the spot so that when the matter comes to public hearings and debate before a Congressional committee, they will be able to understand and even perhaps to evaluate the different arguments advanced. If Congress blunders when it decides the question, and foists a large increment upon the already huge national debt, the tax paying public will suffer. Our already perniciously anemic merchant marine may come perilously close to disappearing. With the experience of what the need for ships drove us to in World War II, with its "floating coffins," we know that, should another world struggle involve us, we might easily lose control of the sea.

Of all the points at issue in the canal controversy, the matter of a new treaty with Panamá is the most complicated and brings us directly back to the fear with which we began. We, as well as Panamá, have reason to be afraid of the consequences of blundering. The results of such stupidity and venality could easily spread over incalculable time, and lead to such a frittering away of our resources as to prove almost fatal in the national sense. The incredibly muddy thinking that led us straight from the hot war of shooting into the cold war that still rages, could easily manifest itself in another shocking folly.

THE TREATY

To return to the treaty, the plans for the sea level canal show the divergence of its route from that of the present ditch at several points. That alone invalidates the present treaty by encroaching upon Panamanian territory. The width of the Canal Zone is figured as a distance of five miles on each side of the axial line of the canal, except for the sprawling out of Lake Gatun. The sea level plan not only changes that axis in part but, if the scheme could be carried out as planned, it would drain and expose thousands of acres of pestilential muck now deep under water, thereby creating a new hazard to health which might easily entail very serious consequences. In addition to this, the present outlet of the Chagres River would be shifted some ten miles. Villages and individual farms now occupied would be drowned out.

Anyone who imagines that Panamá or any other state would acquiesce to all this and more without demanding adequate reparation is unusually naïve, even for a North American. Moreover, the definition of adequacy is barbed and poisoned for both countries. Our idea of it may be the opposite of what Panamá and the rest of Latin America feel it is. We could, of course, again use the "Big Stick" and take what we might think we wanted, but---!

There is vastly more to understanding the Panamá question than is even suggested here. It is high time, too, that we justify our pretense of the good friend to mankind by seeking a modicum of wisdom. The Bridge of Fear is again a region where angels fear to tread, and the ghosts of half a millenium gibber at us to beware as we venture upon it.

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What we can do in Yugoslavia

Money for Tito?

By STEPHEN G. XYDIS
Former member of the United Nations Secretariat

LOANS to Tito? No. But for peace and the promotion of democratic ways of life in the world, yes. Here is an opportunity for Western democracies to halt Soviet expansionism and to consolidate their frontiers in one vital sector, the Balkans. In the procedure, they may lessen the dangers threatening world peace.

When a frontier between civilization and barbarism stands, says Toynbee, time always works in the barbarian's favor. If we exploit the rift in the Soviet bloc that occurred in Yugoslavia, we may give civilization a chance to unsettle the stability of the Iron Curtain and, ultimately perhaps, to save the peoples in satellite lands from their totalitarian regimes.

Private steps for the support of peoples engulfed within the Soviet orbit have been taken recently in Washington by the establishment of a private, non-profit organization to serve as a research center for those patriots, officials, and private individuals who have preferred to leave their homeland in order to continue their fight for freedom abroad. Another step in the right direction is the creation of a political group of exiled agrarian politicians from satellite countries in Eastern Europe.

The United States and Great Britain have a powerful legal basis for taking an official stand in favor of the Yugoslav people. The Yalta agreements bound the American, British, and Soviet governments to see to it that the liberated peoples of Europe created democratic institutions of their own choice through free elections of governments responsive to the will of the people. It is well known that these decisions, as well as the specific Yalta arrangements pertaining to Yugoslavia, were flouted by Marshal Tito. With the support of the Soviet Union, he inflicted upon the Yugoslav people a Communist dictatorship. Nevertheless, the American and British engagements toward the Yugoslav people still stand. This should be made clear to the dictator when he is being provided with economic support.

Marshal Tito, while politically and economically isolated and internally insecure, is trying to avoid facing hard facts. In an attempt to deceive Americans and to dissuade them from assuming the attitude to which their government is entitled by international agreements, he emphasizes that his break with the Cominform was due to Marshal Stalin's desire to interfere in matters of domestic policy. By this oblique hint, he serves notice on Americans that United States actions in favor of the Yugoslav people would likewise be considered an unwarranted intervention.

This statement places the Marshal upon the horns of a dilemma. If his words are true, then his aggressive policy against the West will not cease. He does not disagree with Soviet policy against the world. If, on the other hand, his words are false, they may be construed as evidence that his concealed purpose is to prevent the Western democracies from finding ways and means to fulfil their promises to the Yugoslav people.

Let us look at the record. Who turned over Yugoslavia lock, stock, and barrel to communism? Tito and the Communist Party of Yugoslavia. Who imported from the Soviet Union the Soviet Constitution and applied it to Yugoslavia? Tito and the Communist Party of Yugoslavia. Who created a secret police, destroyed private enterprise, did away with civil liberties? Tito and his clique, aping the Soviet Union.

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Marshal Tito's claim that his break with Moscow was due to Stalin's pretense to control Yugoslavia's internal affairs, is contradicted by the Cominform. In its denunciation of Tito, the Cominform hurled charges against his foreign policy as well as his domestic policy. True, these accusations were not elaborated, probably because differences on these matters were too compromising in nature for both parties concerned. Later events, nevertheless, have shed some light upon the background of these accusations.

In this writer's opinion, a complex set of interweaving political and economic factors, of a domestic as well as of an international nature, were the causes of Marshal Tito's expulsion from the Cominform. Considerable obscurity still surrounds the exact proportion in which these factors were intermingled. Nevertheless, there are a few indications that Marshal Stalin's displeasure with his vassal was also caused by Tito's management of Yugoslav foreign affairs. Stalin opposed Tito in inter-Communist political and economic relations, and relations with the West.

Tito's foreign policy of expansion and aggression did not merely express itself in his uncompromising hostility against the Western democracies, in his material and moral assistance to Soviet civil warmongering in Greece, or in his disregard for obligations under the Charter of the United Nations.

Until his expulsion by the Cominform, he had all but annexed Albania by political and economic ties. As a result, Yugoslavia was the only instance of a Soviet satellite possessing its own sub-satellite. In addition, the Yugoslav dictator entertained views of adding to his own "Macedonian People's Republic" the piece of that geographic area under Bulgarian sovereignty. Too, as recently revealed, he played no small part in the affairs of the Communist Party of Hungary. Moreover, he was most active in championing pan-Slavism. This, as well as his aspirations to achieve a Balkan federation, could not be viewed with approval by Moscow. Both could eventually lead to the creation of a powerful bloc within the Communist world, rivalling the U.S.S.R. in economic strength and threatening its claims to absolute supremacy.

That Tito and Stalin saw eye to eye over the cardinal principle of hostility against the West is axiomatic. Nonetheless, even in the application of this principle, questions could arise over the procedure necessary, the technique, the timing, and the terms under which this hostility would be exercised. For example, as revealed shortly after the Cominform's denunciation of Marshall Tito, the Yugoslav dictator was in favor of war against the West over the matter of Trieste in 1946. At this time the Soviet Union feared such action, having in mind the damage it had recently suffered in the hands of the Germans during World War II. No doubt the outrageous shooting down of two American transport planes by Yugoslav gunners in August of that year must be viewed in the light of Tito's desire to provoke a conflict with the West.

The extent of Yugoslav aggression against Greece was reportedly another cause of disagreement between Tito and Stalin. This time, apparently, Moscow was dissatisfied with the nature of Yugoslav aid to the Communist bands in Greece. Yugoslavia was urged to grant recognition to "general" Markos's "government." Before proceeding to such a step, Marshal Tito may have asked in exchange assurances of concrete Soviet support either in this sector or in another one, or for greater financial aid.

FIVE-YEAR PLAN

For it is a fact that Marshal Tito's grandiose five-year plan, initiated in April, 1947, could not be carried out without extensive foreign credits and loans, and the import of capital goods from abroad. The total cost of the plan amounted to five and a half billion dollars. The economic development envisaged was set at such a rapid pace that many foreign observers, at the time of its announcement, believed it could be achieved only by the maintenance of the utmost exertion of the Yugoslav people and by great sacrifices of consumption needs.

No provisions were made in the plan for foreign loans, and the investments were to be financed out of internal sources. But the material destruction in Yugoslavia, the dislocation of production and transportation, as well as nationalization and attempts to introduce collectivization were hardly conducive

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to the creation of those savings necessary for the financing of the five-year plan from within the country. Peasant resistance to collectivization took the form of increased unwillingness to surrender their products to the government at the set prices, and of increased home consumption. As far as foreign trade was concerned, imports exceeded exports.

Most significantly, Marshal Tito's economic plans clashed with those of Marshal Stalin. They meant the creation of heavy industries on the Soviet bloc's periphery rather that at its center, near the Dinaric Alps rather than around the Urals. This had important political, economic, and strategic implications for the Soviet Union. As a result, the various trade agreements between Yugoslavia, Soviet Russia, and her other satellites did not carry significant provisions for the importation of the capital goods that would be necessary for Yugoslavia's industrialization according to the five-year plan.

It is in the face of the Yugoslav peasants' resistance to this pressure that Marshal Tito was compelled to slow down on collectivization in Yugoslavia, one of the charges made by the Cominform against his domestic policy. This, however, appears to have been the pretext rather than the cause of Tito's expulsion from the Communist orbit. It was the combined result of Soviet pressure upon him to set aside his independent foreign policy and his ambitious economic program, and of the Yugoslav people's assertion of their love of individual liberty.

Since Marshal Tito's denunciation by the Cominform on June 28, 1948, the Soviet bloc's economic pressure against him openly assumed the character of economic sanctions. The trade agreements between Yugoslavia and her neighbors were denounced sooner or later, or were heavily curtailed. Yugoslavia was thus cut off from Albanian and Rumanian oil, supplies vital to her economic life. While, apparently, some oil was coming in from Western sources, Marshal Tito's economic situation seriously deteriorated. He was compelled to ask for a loan from the Soviet-boycotted International Bank of Reconstruction and Development, the dollar capital of which derives mainly from United States funds. He recently obtained a loan of $20 million dollars from the Import and Export Bank, a purely American agency. He also was granted a license for the export from the United States of a two million dollar steel-finishing mill. He has, moreover, concluded trade agreements with France, Italy, and Great Britain.

At the same time, Tito, who subjected the Yugoslav people to communism in defiance of Yalta, who urged a third world war over Trieste, who disregarded good-neighborly relations with Greece, who flouted the decisions of the United Nations, is clamoring about violations of the Charter, of the principles of sovereign equality among nations, and of noninterference in a country's internal affairs.

Yet what has been achieved during the 18 months that have elapsed since Tito's break with the Cominform? To take the case of Yugoslav aggression against Greece, one seeks in vain for any public, official, and solemn assurance by Marshal Tito that his aid will be withheld from the Greek Communist bands. His speech at Pola on July 10, 1949, merely contained a statement that the Greek-Yugoslav border would be closed in order to spare the lives of Yugoslav soldiers. During the recent debate over the inclusion of the Balkan question on the agenda of the General Assembly of the United Nations, Yugoslavia again voted with the Soviet bloc against its inclusion. Is there any certainty that this frontier between Greece and Yugoslavia will not be reopened and that munitions, materiel, and refugees will not again be provided to Communists to continue their destructive work on Greek soil? Or have the 15,000 Greek children kidnapped by Communists and taken to Yugoslavia, been returned to their families in Greece? They are still in Tito's hands.

From this instance, it appears evident that Marshal Tito has little desire to abandon his expansionist ideology, much less to relax his terroristic, totalitarian hold over the Yugoslav people. This must be regarded with particular suspicion, inasmuch as Communists, when faced by necessity, have not failed to find the necessary dialectical formulae to justify to the world and to their henchmen their gyrations. Immense care must be taken when doing business with Marshal Tito and his ruthless clique.

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The THEATER ARTS

by John Gassner

With a recession on, the new Broadway theatrical season started about a month later than usual, in mid-October. One of the reasons for the delay was evidently the difficulty producers have found in getting productions fully financed. Only one play out of eight (unless it is a musical play, in which case the rate is 1:3) has a chance to return its initial production cost. This turns the commercial theatre into a horse-race, and gambling is usually made attractive only by the prospect of a big "killing."

With mounting production and running costs, however, too many successful plays—that is, plays that have been acclaimed in the press and have drawn audiences for many months—make meager profits, if any. There was the case of a revival of Noel Coward's *Private Lives* with Tallulah Bankhead and a small supporting cast last season to which the public went in droves. Yet investors were up in arms. At the end of each week they could look at the record with decidely jaundiced eyes. With the theatre owner, as usual, receiving about 35 per cent of the gross box-office receipts and the star taking another large percentage, there remained too little to distribute toward paying off the investors after deducting advertising costs, royalties for the author, and salaries for the actors, stage hands, electricians, wardrobe mistresses, publicity agents, managers, and others. There was also the case of *Life With Mother;* the rhapsodically received sequel to *Life With Father,* which disappointed expectant investors.

For the past two years, moreover, Hollywood all but stopped investing in stage productions and buying plays for filming. The film industry has received several severe jolts: interdicts against taking earnings out of Great Britain and other countries, falling box-office receipts in America, competition from television, and orders to abolish monopolistic practices such as operating both as producers and owners of chains of movie theatres.

Justifiably concerned over the state of the theatre, the League of New York Theatres engaged the well-known public relations specialist Edward L. Bernays to investigate the situation. Mr. Bernays' detailed report has now been completed and should prove to be a historic document. A mimeographed abstract entitled "Summary of Public Relations Survey of Theatre with Recommendations to League of New York Theatres" was released at the Hotel Astor on October 6. The recommendations in particular are worth listing if only to indicate how much at sea the theatre is:

> Handbook for producers based on exploration and appraisal of most effective methods and practices in theatrical production to aid them in cutting costs and increasing efficiency;
>
> Short intensive workshop course on advertising and promotion, emphasizing ways and means to improve promotional techniques and to increase public good will and understanding toward the theatre;
>
> Educational program for box office people, brokers, ushers, concessionaires and others to assure courteous and efficient treatment to the theatre-going public;
>
> Continuing activity to strengthen present Theatre Ticket Code of Fair Practices to assure fair treatment to the public and to combat unscrupulous practices in ticket distribution,

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directed by a Committee on Fair Business Practices;

Consideration by a Committee on Theatre Building of ways and means to improve physical equipment and comfort of present theatre houses—seating, lighting, ventilation, acoustics, etc.;

Manual of suggestions for owners, producers, box office people and brokers on extending and improving ticket sales methods, subscription plans, mail orders, etc.;

Continuing study of public opinion toward the theatre;

Fact-finding study of present theatre financing and exploration of ways and means of raising new venture capital for the theatre as a legitimate business enterprise;

Preparation of cooperative mailing lists of known and prospective theatre ticket purchasers in New York and road cities;

Cooperative promotion and expansion of out-of-town theatre audiences for New York through show trains, party plans, subagents, etc.;

Periodical bulletins for theatre managers, brokers, owners, producers and other leaders in the industry to serve as a clearing house for information on public relations efforts . . . .

A continuing program of information to all the mass media of communication and to writers and commentators to help assure a more complete and accurate portrayal of fact and viewpoint—newspapers, magazines, radio printed matter, direct mail, etc., and supported by a Press Relations Committee to confer on major policy and relations between the theatre and the press;

A symposium on the theatre conducted by mail among leading social scientists and cultural leaders, and a conference at a leading university on the role of the theatre for leaders in sociology, economics, history, psychology, etc.;

Campaign to reduce the 20 per cent Federal amusement tax on theatre tickets;

Exploration with publishers and similar legitimate commercial channels of cooperative public service tie-in possibilities;

Cooperation with key women's organizations, government agencies, and other groups, inviting their interest and support in improving the theatre and raising its social and cultural status;

Cooperation with educational institutions at all levels in promoting and developing a broader understanding and appreciation of the theatre and in training students for the theatre;

Action and events to stimulate interest in the theatre among young people, including a pamphlet on employment in the theatre, essay contests, etc.;

Stimulation of public interest and participation in the theatre through various types of awards, prizes, scholarships, contests, exhibits and displays, specially arranged visits to theatre buildings of historic interest, Theatre Speakers' Bureau to supply speakers on the theatre for clubs and schools, lithographed souvenir postcards of notable plays and players, bulletins listing all current theatre attractions, anniversary celebrations, etc.;

Fact-finding and research of ways and means to extend and improve traveling attractions throughout the country.

The plight of the American theatre is all the more regrettable when we consider how influential America has become in the field of international relations and how eagerly European nations scan the American scene. The emergence of any vital play on our side of the Atlantic is sure to arouse interest abroad. As the new season started on Broadway in October, *Death Of A Salesman* was prospering in London with Paul Muni playing the Lee Cobb role of Willie Loman, even though English critics held that it was difficult for British audiences to identify themselves with the tragic salesman to the same degree as American audiences did. In the same month, Moscow was playing host to Lillian Hellman's recent *Little Foxes* sequel, *Another Part Of The Forest,* under the title of *Ladies And Gentlemen.* (Last season, the Russian capital had favored Edward Chodorov's antifascist drama of earlier vintage, *Decision,* renamed *Director Riggs,* and Arthur Miller's *All My Sons.*) The most popular play of the fall season in Prague remained *Finian's Rainbow,* which has been running there since 1947, with the great Czech comedian Jan Werich playing the leprechaun somewhat incongruously in view of his formidable proportions. And we need hardly remind ourselves that *Oklahoma!* is still holding a spell over the British public. Occupied Germany, of course, will take all the plays we care to send, having as yet few plays of its own worth producing after a decade of Nazi *Kultur.*

Alarmed by the possible disuse of his theatres, which represent a vested interest of no small extent, Lee Shubert has encouraged

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imports from abroad by putting up the necessary bonds and expense money. In consequence, two of the very first productions of the season were Roland Petit's *Les Ballets de Paris* from London's Princess Theatre and W. Douglas Home's frothy comedy of British political life *Yes, M'Lord* which brought with it two of England's most congenial comedians, the veteran A. E. Matthews and the well known George Curzon.

Without benefit of the Shuberts, moreover, the Sadler's Wells Ballet took possession of the Metropolitan Opera House to the delight of the balletomanes, whose number is legion in New York. On top of this, Broadway imported a Ken Murray *Blackouts* musical revue to keep Billy Rose's sumptuous Ziegfeld Theatre occupied. The critical weather in New York was unkind to a mélange that the Pacific Coast had considered entertainment for years. Broadway preferred a better brand of musical revue, *Touch And Go*. If received its baptism at the Catholic University in Washington, D. C., which has the most flourishing theatre department in America under the supervision of Father Hartke. Then came a production of *Twelfth Night* from last May's Ann Arbor Drama Festival at the University of Michigan, directed by the head of the University's theatre department, Valentine Windt. By the middle of the month Maurice Evans, ably supported by Edna Best, brought in a double bill, *The Browning Version* and *Harlequinade,* two stage pieces by Terence Rattigan. The first completely Broadway-engendered production of the season will be Kermit Bloomgarden and Gilbert Miller's presentation of *Montserrat* by Lillian Hellman—and this is actually an adaptation from the French by Emanuel Robles!

Along with would-be revivers of vaudeville, the producer of *Blackouts* made the familiar error of assuming that Broadway playgoers are hankering after the fleshly entertainments of a vanished era without any regard for taste or sense. Otherwise the earlier entries all possessed some quality or other that could attract attention without necessarily holding it.

Of the musical items, *Les Ballets de Paris* presented some oddity in the form of ballets of variable merit which had at least the merit of constituting theatre that involves the imagination. The first number, *Le Rendez-Vous,* was a somewhat dated Apache adventure in the streets of Paris through which a lad hunts a lass who has failed to keep their rendezvous. It derived a macabre quality from the figure of Destiny that followed the dancer and a dreamlike quality from the performance of Joy Williams as "The Most Beautiful Girl in the World." Decadence had a quality of poetry here. The next number *Le Combat,* a choreographic version of the final canto of Tasso's renaissance epic *Jerusalem Delivered* (the fatal duel between the Crusader Tancred and a pagan warrior maiden), lost interest as it proceeded, but it had an abstract grace which we rarely achieve in America. The entrance of the antagonists, presumably on their steeds, was a masterly exhibition. The third number *L'Oeuf a la Coque,* or *The Boiled Egg,* a vision of Hell's Kitchen with devils as chefs and chickens as "chippies" who lay magic eggs, was pure gallicism. It belonged, as did everything else on the program, to the Old World, which we rarely see on the professional stage except in gaudily wearisome revivals of *The Student Prince* and other vintage operettas.

The *pièce de résistance* was a *Carmen* which would appall any worshiper of Bizet's great opera, but it was hardly intended as a serious treatment of the theme. The treatment belongs to a continental style it is good for us to know, as there is something to be said for the art of "playing" the searchlight of skepticism on the sacred cows of literature and art. That is what makes French variants of the classics so stimulating, if not always gratifying. Sacrilege or no sacrilege, there was freshness in the notion of making Carmen lustful in a rather bovine fashion, her associates bizarrely seedy, and her toreador a vain fool. The voluptuous Carmen of Renée Jeanmaire was a delight once one got used to her and renounced *femme-fatale* visions of the role. Her bedroom scene of bliss with Roland Petit's Don José was memorable for extracting lyric ecstasy from fleshly gratification.

This is something virtually unheard of in our puritanical land.

Although, in truth, this *Carmen* was a confusing mixture of travesty and passion, al-

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though it failed to crystallize as a unified experience and was, all told, quite bad, it was bad in an intriguing way. Roland Petit, who is founder, choreographer, and first dancer of *Les Ballets de Paris,* may not be the prodigy he appears to be to Europeans, but his kind of imagination would be helpful in routing commonplaceness from Broadway if it could translate itself into the American idiom. We think immediately of the memorable Ray Bolger ballet *Murder On Tenth Avenue,* in the musical *On Your Toes* and, more recently, the sailor-ballet *Fancy Free* which inspired *On The Town.*

It is, indeed, in our musical and choreographic efforts that our own virtuosity continues to be most evident. This was seen in *Touch And Go,* written by Jean and Walter Kerr, with music by Jay Gorney, choreography by the brilliant Helen Tamiris, and direction by the reliable George Abbott. An uneven but never offensively poor revue, *Touch And Go* is full of bright and near-bright moments, and is rewardingly pert when it pokes fun at motion pictures. One such number *Gorilla Girl,* a travesty on both Tarzan films and the mentality of Hollywood stars, becomes sheer delight when the Gorilla finds it necessary to instruct the dense star played by the charming Kyle MacDonnell. Amusing, too, is the sketch on what the vogue of *The Snake Pit* and *Johnny Belinda* type of film requires of the Olivia de Havillands and Jane Wymans. The prescription of the Oscar-aspirants of the Barbary Coast has become "Be a mess, be a mess." Travesties on *Hamlet* and the *Cinderella* story are also quite astute, with the former rather overdrawn.

Without truly brilliant achievements in the sketches, songs, and performances (except for Nancy Andrews, who is a redoubtable comedienne on several occasions), *Touch And Go* is not only acceptable Broadway entertainment but a warrant for the omnipresence of talent for nearly everything in our domain except the creation of distinguished and penetrating playwriting.

It cannot be said on the basis of recent English playwriting that our cousins in the British Isles have been more fortunate than we in recent years. Nevertheless, at least two of the three plays from them had their points. Rattigan's *Harlequinade* is something we can charitably overlook. It is a "curtain-raiser" inflated into a futile hour-long farce, although it is no doubt more amusing to the author's countrymen than to us. Home's *Yes, M'Lord* is in the same class, with its references to the life of the landed gentry and to minor political aspects of life under the Labor government. Moreover, its story of how a butler runs on the Tory ticket and a young peer on a Labor Party platform is played mostly for the farcical value of the reversal of situations which Broadway vulgarly calls a "switch."

Mr. Home is no Bernard Shaw and does not make intellectual capital and high comedy out of his notion. He has, nevertheless, turned out agreeable dialogue, and he has created an excellent central character-sketch, if not quite a complete character, in the candidate's father, the Earl of Lister. He stands above the scene of political conflict as a fox and rabbit hunting Olympian. The point of the sketch is that peerage and its privileges have been so long the Earl's property that he is blithely indifferent to them. He feels so confident of the essential soundness of England that even radicalism holds no terrors for him. He would no more think of protecting England from new social policies than he would think of promoting them. Peerage, and his position as Lord Lieutenant of his section of the land, make him a neutral among contenders. It is his business to welcome at home whichever candidate gets into office. It's a terrible bore, but it's his duty and that's that. Here, indeed, is a comic idea that can be hatched only in an old country that has weathered much history. A. E. Matthews makes the Earl of Lister a character out of Dickens, which is an added pleasure.

With all these advantages and some humor at the expense of social-climbing Laborites, *Yes M'Lord* is still something that would be more acceptable in a book by Wodehouse than on the American stage. But it is, nonetheless, more civilized entertainment than our home-backed comedies of middle-class life which lack yeast and are flatter than a Child's Restaurant pancake.

Rattigan's hour-length drama, *The Browning Version,* is a serious piece of considerable poignancy. It is the story of a defeated school-

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master in what the English call a "public" school. He has become quite a martinet, and is neither liked nor respected by his colleagues and students. But as Rattigan unfolds the sources of his failure as man and instructor, this Mr. Chips in reverse reveals himself as a profoundly human person undone by his marriage to a nymphomaniacal, vengeful woman. For the most part a "slice-of-life" type of play, it is impressive in its honesty. The author may also be commended for dispensing with the usual local color of a "public school," to which British writers like to help themselves generously.

Mr. Rattigan, who hews close to the line of psychological drama, has a knack for making dry-as-dust people we would call "Victorian" intensely alive, as he showed us a short time ago in *The Winslow Boy*. In *The Browning Version* he has, moreover, treated the relations of husband and wife with Strindbergian force, particularly in the case of the schoolmaster's wife who boasts of her conquests to her husband. He has been very successful in presenting the tragedy, as Henry James would say, of the superior sensibility at the mercy of a gross-grained nature. Since the former is ably conveyed by Maurice Evans and the latter by the superb actress Edna Best, the effect is arresting. If Rattigan has not quite achieved a masterpiece, he has done another creditable job of writing. He has made strides since the pre-war period when his forte was farce of the *French Without Tears* variety. Is it possible that the social changes in post-war Britain are going to stimulate British playwriting? The Labor Party's enlightened policy of promoting a decentralized theatre for the common man should bear fruit.

The Ann Arbor *Twelfth Night* is just such a common man's Shakespeare, except that in England, with its large number of Shakespearian actors, it would be better spoken. Valentine Windt has staged the comedy with praiseworthy neatness and with a minimum of reverential pomp, even if he has allowed some farcical details to go a trifle beyond bounds. Arnold Moss is a very good Malvolio, Frances Reid is a delightful Viola, and Nina Foch is as beautiful an Olivia as we are ever likely to get, even if she hardly *acts* the part. Philip Tonge's Sir Andrew Aguecheek is superior acting, and Truman Smith is the best cast Fabian I have ever seen. Cavilling at the details of stage business and line-interpretation is one of the privileges of the Shakespearian playgoer, and an extended review would have much grist for the critic's mill. But it must be conceded, at least, that the present *Twelfth Night* is superior to Margaret Webster's and the Theatre Guild's production of a number of seasons ago when Maurice Evans was the Malvolio and when none other than Helen Hayes played Viola. In one respect the production is quite inadequate, if you happen to believe that the comedy has no particular merit aside from Shakespeare's poetry. The great "If music be the food of love" aria is destroyed by the actor who plays Orsino. Many other speeches are poorly rendered. In extenuation of this grave shortcoming, it is possible to reflect that the director, given the slow tempo of American readings of poetry and the American public's obsession with speed on the stage, had to choose between a beautifully spoken *Twelfth Night* that would be dull and a speedily enacted one that would be threadbare. Threadbare it is, but still streaked with golden threads, and it is welcome at least as an easy introduction to Shakespeare's comedy for the younger generation.

Before publishers' blurbs were invented authors had to make their reputations by writing.—*Dublin Opinion* (Eire)

Members of the House of Representatives always have resented references to the Senate as the "Upper House." But some, discouraged in economy affairs, now accept the name—with a new twist.

"The Senate," said Appropiations Commerce Commission Chairman, "is the upper house. Whenever we manage to trim a little off the budget, the Senate ups it."—*Pathfinder*

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Two Philosophic Songs

I

Whoever would be clean
Of cluttering desire
Must shun the golden mean
And clasp coldness or fire.

He must choose all or none
More rashly than a fool:
Embrace the burning sun,
Marry the ice-lipped pool.

II

Abstract Parmenides
How many centuries
Has cried, Peace, peace,
There is no change,
Nothing is strange.

Still cries the counter-crier,
Ephesian voice of fire,
Affirmer and denier:
Nothing is always so
For all things flow.

ROBERT FRANCIS

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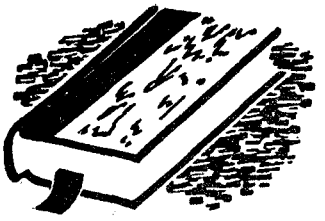

JASPER R. LEWIS

Books in brief

Criticism of our judicial system and particularly of our judges is usually confined to losers in court, to politicians, and to cynics. For the benefit of laymen and lawyers alike, Jerome Frank has written *Courts on Trial,* Myth and Reality in American Justice (Princeton University Press, $5.00). A one-time teacher of law at Harvard, a lawyer, and for years an upper-court judge, Frank is well qualified to discuss the shortcomings of our courts as he sees them. He goes further: he finds even greater weaknesses in the way law is taught to students.

Being neither lawyer nor law student, I find the greatest appeal in Frank's application of legal regulations and practices to the everyday affairs of ordinary people, the routine of commercial affairs, and the numerous conflicts of interests resulting in suits at law. It is not often that the layman has the support of a legal light in his doubts of the efficiency of our courts or in the infallibility of our judges. Judge Frank is neither muckraking nor belittling his profession. He appears interested in exposing weaknesses, directing attention to them, and offering suggestions to mitigate or correct them.

For one thing, he is opposed to the aura of mystery and subservience surrounding the "law." Since lawyers and judges are human, and laws the product of human intellect, it is natural to assume errors of judgment have been and will continue to be made. It is his idea that changes in jurisprudence in keeping with the times and development of people, are as necessary as changes in any other sector of endeavor.

Tracing the course of man's differences, from primitive settlements with weapons or other force, Frank explains the "fight" theory versus the "truth" theory in law practice. In the former, a law suit is regarded as a fight, successor to the ancient ordeals by water or fire, with victory to the most skillful. This is opposed to the common belief in the truth theory, the discernment of the truth and its acceptance. With the practice of the fight theory go many of the fetishes of the law. Thus a case is fought not so much on the truth as on the inferences and effects an able lawyer can adduce. Frank thinks government might well partake of investigations to discover the truth, especially in the light of occasional conviction of the innocent, with serious after effects and no provision for recompense.

The great principle of jury trials appears much less attractive after Frank discusses what he has observed or heard of jurors and their attitudes toward verdicts. Anyone who has ever served on a jury will support Frank's comment on the adequacy of jurors to deliver a proper verdict. He apparently believes that jury-less trial before a good judge is to be preferred. The drawback, as he knows, is that judges are human, too. With obligations to politicians or to others, the personality of the judge must be, and is, taken into account. Thus arises frequent maneuvering to bring a case before a certain judge. It is not always a question of venality or bias. Sometimes it is merely a matter of the judge's known principles. This practice is condoned by the legal profession. In no way is it an effort to get at the truth or secure justice.

One of the author's suggestions is for better education of the citizenry in the functions of a juror and in the nature of trial-court fact-finding. Then only those so prepared would be acceptable as jurors. As Frank points out, this might be unconstitutional, but it would be less dangerous to litigants. Another suggestion is the keeping of a stenographic record of jury-room deliberations, to guide the trial judge in deciding whether the verdict was reached by improper means. In the light of a subsequent statement by Frank, another use might be found for such a record. He

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points out that when cases are taken to higher courts—on appeal—the facts are usually accepted as submitted in the lower court. The higher court confines itself to the law. Could not these stenographic minutes of jurors' discussions bring to light the truthfulness or the opposite of testimony, as the jurors saw it? And if reform is in order, why not submit the testimony to the higher judges also?

Again, as a result of our conception of higher courts, usually the distinguished and most able lawyers are selected for them, while much less care is exercised for the trial courts. It is the author's belief that the most able should be chosen for trial courts. Another suggestion of his is a "talking movie" of each lower court trial, for the benefit of appeal courts.

There are pungent comments on the inadequate curriculum of our law schools, with emphasis on the fact that they are based on case-law, that is the study of previous law history on which future cases may be based. Frank speaks of them as library-schools, which "do an admirable job of producing library-lawyers." What he wants are schools that will fit men to become trial judges—fact finders.

There are equally enlightening and candid chapters on the use and abuse of precedents, the myth of "judicial divinity." He criticizes devotion to natural law, particularly using it as an omnibus device for opposition to intelligent change, among other facets of the study of law and its application. Judge Frank's suggestions to law students and lawyers—and judges—are of course something for the legal profession. But the lay reader will both profit by and enjoy the practical and down-to-earth views of the author. There is much quotable material. The tenor of the style may be indicated by this: "Amos told Andy, during the Great Depression that the 'status quo' is 'Latin for the fix we's in.'" Judge Frank, considered one of our ablest judges, writes in the language and from the viewpoint of the American citizen.

BRIEFER COMMENT

BIOGRAPHY

John Quincy Adams and the Foundations of American Foreign Policy, by Samuel Flagg Bemis (Knopf, $7.50), is early American history, in terms of the politics and politicians of the era. Professor Bemis tells in detail of Adams' participation in formulating foreign policies and treaties, coupled with his activities in domestic politics. There isn't much personal biography of the man, except as his character and abilities are demonstrated by his career, but that made history, and this work chronicles it well. The volume ends with Adams' election to the presidency.

G. M. Trevelyan in *An Autobiography and Other Essays* (Longmans, $3.50), writes a brief and modest account of his personal history and that of his family. With it the master of Trinity College includes a number of pleasant essays and papers previously written on varied topics from history to religion and poetry.

The Irish, a Character Study, by Sean O'Faolian (Devin-Adair, $2.75), is the "history of the growth of a racial mind" as the author calls it. O'Faolian examines Irish history and the Irish people to show their development, their virtues, and their characteristics. It is anything but dull, both as to perspective and style.

Grace Tully, secretary to Franklin D. Roosevelt from 1928 to his death, has a book full of interesting reminiscences in *F. D. R., My Boss* (Scribner's, $3.50). Revealing no state secrets but commenting casually on her likes and dislikes of the President's intimates, and on F. D. R.'s also, Miss Tully shows her devotion to her chief in all matters and her unqualified admiration for his character. Taken as a personal estimate based on daily contact, the book shows many reasons for Roosevelt's popularity. There are also estimates of many key figures in the New Deal.

FICTION

Sholem Asch reconstructs the story of Miriam, Joseph, and Jesus in modern language in *Mary* (Putnam, $3.50). Here is the

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accepted version of the angel messenger, the immaculate conception, the marriage to Joseph, the days of Herod, and the life of Jesus. Told from the motherly angle of Mary, emphasis is on the boyhood and development of Jesus in the midst of his unbelieving fellow Jews. It is a sympathetically told story.

Stage life and a budding author's trials combined by wedlock make *I Married a Redhead,* by M. M. Musselman (Crowell, $3.00), a pleasantly riotous diary of the 1920's. The redhead being the actress wife, there is more of trouping than of literature, although Musselman tried his hand at stagecraft too. Some of it is neatly spiced for lively reading. Maybe it should be biography, but it can be taken as fiction too.

The call of the Oregon Trail and the adventures and trials of the scores who journeyed westward in search of land is the subject of *The Way West,* by A. B. Guthrie, Jr. (Sloane, $3.50), author of *The Big Sky.* The story is told in terms of the characters, their loves and hates, sorrows and pleasures. The historical background furnishes atmosphere, but the characters talk and act like the very human beings—often quite ordinary—they were. There are covered wagons and Indians, high courage and perseverance, to make a robust old fashioned novel.

A little part of the cold war, with Occupied Germany as the background, gives *Green Boundary,* by Boris Ilyin (Houghton, Mifflin, $3.00), a dramatic basis for its plot. It is a love story about a Red Army girl interpreter and an American officer of Russian extraction. The reactions of the clash of ideologies are reflected in the characters, and the tragic results of militarism, espionage, and authoritarianism offer a slow moving but well written novel.

A Rage to Live, by John O'Hara (Random House, $3.75), is the story of a prominent family in a small Pennsylvania town, the chief character of which, the daughter, makes her way from girlhood to grandmother without neglecting men. In fact, it is mostly her preoccupation with sex that gives the story its motive. There are a number of characters, well drawn but overly open about their emotions. It is O'Hara's usual unrestrained pen, forceful and dealing with some of the worst weaknesses of people.

GENERAL INTEREST

The Hours and the Ages: A Sequence of Americans, by Edward Nicholas (Sloane, $3.50), is the story of American history as reflected in the lives of individuals, some famous, some little known. Nicholas reconstructs the lives of these from the South Carolina Lucas family of 1738 through the generations of pioneers, statesmen, and others. In so doing he presents interesting reflections on the times of each and shows the growth of the American nation.

The terrors of witch hunting in the colonies are shown graphically in *The Devil in Massachusetts,* by Marion L. Starkey (Knopf, $3.50), which relates the erratic course of judgment in Salem when teen-age girls called the tune on witches and witchcraft. The trials and the "evidence," the dangers of the popular devil-chasing habit, are related in terms of the period's conventions and beliefs. Miss Starkey's account is excellent, with dialogue from court records and early accounts to enrich the narrative.

What is wrong with Congress—and Congressmen—is discussed in *Congress on Trial,* the Politics of Law-Making, by James M. Burns (Harper, $3.00). The author served on the Hoover Commission, and before that in government. He points out some of the shortcomings of the executive department also. He has some practical criticisms and suggestions, from the point of view of the interests of the voter.

Just how much we are indebted to the English in the development of our culture is pictured in *Our English Heritage,* by Gerald W. Johnson (Lippincott, $3.50). This informal account of the early English settlers describes their social standing, the modes of the times in law, art, and religion. Some popular beliefs about these early pioneers are not based on facts as Johnson finds them.

The history of Wells Fargo & Co., dating from the Gold Rush in 1848, is the story of the journey westward of America. *Wells, Fargo,* Advancing the American Frontier, by Edward Hungerford (Random House, $3.75), is filled with pioneering.

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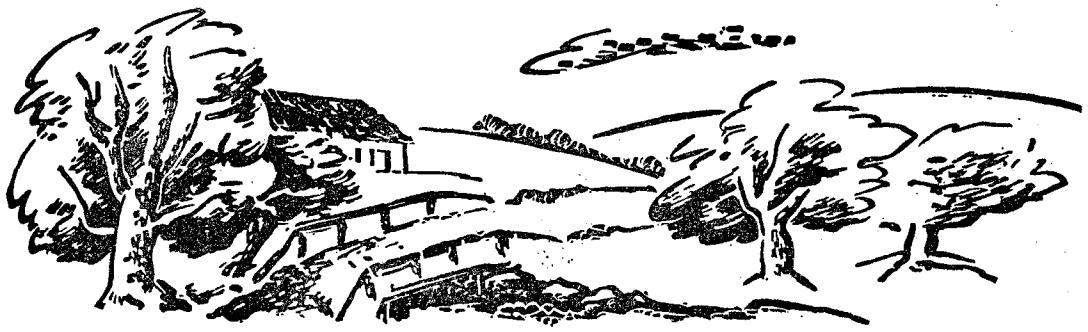

COUNTRY COMMENT

Olives, I learned recently from a certain consumers' publication, come in nine sizes: standard, medium, large, extra-large, mammoth, giant, jumbo, colossal,and super-colossal. At the top of the page was a picture of the nine olives in a row.

These are olives as of 1949. Does anyone suppose that having reached the colossal and super-colossal stage, the olive will fail to go forward to even greater dimensions?

When I say olives, I mean, of course, American olives. The olives of classic Greece came commonly in only three sizes: small, medium, and large. The medium were held in greatest favor. A wise Greek would hesitate to eat anything larger for fear the gods would accuse him of vaunting pride, that is, of trying to put himself on a level with them and of eating olives as large as their own, which were extra-large. A mortal olive tree that bore mammoth olives would be certain to be stricken by the avenging furies for its arrogance. Moderation, you recall, was the chief Greek virtue, *sophrosyne* as they called it.

It is otherwise in America. There may be—indeed I am persuaded that there must be—American consumers who in shopping for olives insist on the super-colossal and refuse to take anything less as a substitute. Though the advertisers do not say so in so many words, the implication of the nine olives is that the larger the olive the better. But this is assuming that everyone likes olives. To anyone who doesn't care for olives, won't the smallest be the best? If he has to take one to be polite, won't he hope for a standard?

Doubtless it was the sight of those nine olives standing on end in the orderly row that made me think of bombs. The standard olive could stand for the small old-fashioned bomb that anarchists and bolsheviks used to throw by hand or hide in trunks. The medium and large olives would be improved bombs of the same sort. The extra-large and mammoth would be the first bombs dropped from the air. The giant and jumbo would be the block-busters and super-block-busters of the late war. The colossal, of course, would be the atomic bomb dropped on the Japanese of Hiroshima and later on the fish of Bikini. And the super-colossal would be the type of bomb now being manufactured by the United States and Russia.

Perhaps the reader finds my comparison of bombs and olives infelicitous, since the olive is traditionally associated with peace. But may not the atomic bomb prove valuable in peace too, an instrument of police force, effective in quelling revolutions and riots?

In fairness to the consumers' publication mentioned, I should say that olives are not judged there exclusively in terms of size. They are also classified as ripe, semi-ripe, and unripe; stuffed and unstuffed; stick-packed and those merely dumped into the container.

If the picture of the nine olives is disturbing in its implications, it is also reassuring. The names alone might have been terrifying. Without a picture showing the exact size, the super-colossal olive might be imagined as big as a watermelon, needing to be stored in the cellar, lasting all through the winter, a thin slice sufficing for a single meal. The picture, I say, is more reassuring than that. It shows the super-colossal olive to be one and five-sixteenths of an inch long.

—ROBERT FRANCIS

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Should the Coal Mines Be Nationalized?

Can it be done efficiently?
Democratically?

By CAROL L. THOMPSON

The problem: The coal mining industry in the United States, as elsewhere, is sick. It does not thrive under monopolistic or competitive conditions. For the operator, it promises only increasing costs and decreasing profits. For the miner, it has ever been dirty and dangerous. Should the cost of mining this vital commodity be spread over the entire community?

THE basic concepts of democratic capitalism—the importance of competition and the value of private ownership—are under attack in many parts of the civilized world. Government ownership, or nationalization, of basic industries has been proposed as a cure for some of the evils of capitalistic economy. The Industrial Revolution brought with it many blessings for the world's peoples and a host of still unsolved problems.

The enormous advantages given to the owners of machinery widened the chasm between the rich and the poor, a gulf very apparent to such early critics of the system as Karl Marx. With ownership of the machinery of production in the hands of a few (capitalists), the great majority of human beings would be forced to work for a living on the terms of the owners and only on their terms. The development of the democratic state, the extension of suffrage, the advances in living standards, the increase in education for all peoples have certainly mitigated the harsh prophecies made by critics of the system.

Nonetheless, private ownership of land and of machinery has inevitably led to certain abuses of power. Some industries seem to be difficult to operate privately at a profit, particularly if a literate, laboring electorate requires certain minimum working standards. The growth of monopolies and the restriction of competition have interfered with and modified the so-called "normal" operations of the capitalist system based on free competition and the laws of supply and demand.

Even the most ardent capitalists admit the truth of these premises. Some of those interested in advancing the cause of democracy, in improving the American living standard, and the working conditions of the American laborer, now advocate the abandonment of private enterprise and the nationalization of all industries or of key industries in the American economy.

When nationalization is discussed, the nationalization of the American coal industry is usually one of the first projects considered. In reviewing the case for and against the nationalization of coal, we shall outline the present position of coal in the United States economy and the history of the coal industry as a basis for the discussion which follows.

In his study, *The Work Health and Happiness of Mankind,* H. G. Wells summed up the current value of coal to the world:

> The capacity to employ power seems to be illimitable. Oil can never satisfy more than a fifth of the world's present dependence on coal. And the coal "in sight" will last at the present rate of consumption for twenty generations or so. Twenty generations back in our own history takes us to the Hundred Years' War, the Black Death, the First Statute of Labourers, the Peasants' Revolt, and the first Navigation Act. The changes since then have been many and, in a sense, revolutionary. But the changes in the next period especially as they affect human life and work will appear more numerous and still more revolutionary to those who will look backward as we do today, but over twice the length of time. As it nears exhaustion, coal may become more valuable as a source of raw material for the chemical industry than as a means of obtaining mechanical power.

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With practical peace-time uses of atomic energy still far in the future, there can be little argument about the importance of coal to the nations of the world. Today, it is estimated that for every ton of coal coked in a modern oven there will be 0.7 tons of coke, 0.06 tons of screening, 10,500 to 11,500 cubic feet of gas, 26 pounds of sulphate of ammonia, 1.75 gallons of benzol, .55 gallons of tuluol, .24 gallons of xylol, .5 pounds of crude napthalene, and 12 gallons of coal tar.

Better utilization of coal for electric power has led to research for increasing uses of its by-products. In an exhaustive study of *The Electric Power Industry* (1939), John Bauer and Nathaniel Gold noted that "advancing economy in over-all coal consumption alone has produced complete obsolescence of the most efficient earlier plant within short cycles." The consumption of coal in pounds for producing a kilowatt hour of electricity decreased according to these men from 7.00 in 1900 to 1.44 in 1936. It could be reduced further to .80. In 1919 it took 170 pounds of coal to move 1,000 gross tons of freight a car-mile, and today it takes 110 pounds. In 1919, 3,777 pounds of coking coal were needed to manufacture one gross ton of pig iron; today, 2,800 pounds will do the job.

The economical use of coal by-products has grown unbelievably. Medicines, dyes, and plastics are increasingly important in modern civilization. In 1940, in the coal-tar group of medicines, there was a national output of 18,214,000 pounds, an increase of 20 per cent over 1939, according to United States Tariff Commission figures. Incidentally, 63 per cent of this total production was in aspirins and salicylic acids (including synthetic vitamins, hormones, and the sulfa drugs). Sales figures for these in 1940 amounted to more than $17,000,000! Coal tar also is the basis for the annual production of more than 122,500,000 pounds of dyestuffs with a sales value of $25,000,000. Light oils and their derivatives come from distillers today in growing amounts. And in the field of plastics alone, coal derivatives supply nylon, hardware, airplane parts, radio cases, and kitchen utensils, to mention but a few of their many uses.

But despite the growing importance of coal in the national economy, coal mining remains a sick industry. Since Britain's coal miners began demanding nationalization of the mines in the Sankey Commission hearings after World War I, nationalization has been proposed as a possible solution to the vital problem of the coal industry both in Britain and in the United States. Coal mining presents more than one economic problem, though its problems are interrelated by the very nature of the industry.

PROBLEMS

First of all, it must be recognized that the more equipment required to mine coal, the lower the profits. The easiest coal to mine is the coal that lies on the surface of the earth. The mining of this coal, which is a relatively inexpensive operation, is much more profitable than deep mining, since the return per ton of coal in both types of mines is the same. When coal on the surface of the earth is exhausted, and deep mining begins, more capital for equipment must be invested in mining. Hence the coal becomes constantly more expensive to mine, and the profit per ton decreases. The constant tendency is to increase the investment and the cost of doing business. In ordinary business, increases in investment lead naturally to a decrease in the cost of doing business.

From the viewpoint of the miner, this inherent logic tends to decrease his standard of living. For the miner, as for the operator, surface mining is desirable, since it is less hazardous and far pleasanter work. As the miner descends deeper into the bowels of the earth, and as he faces the enormous hazards of mining in exhaustively worked mines, the operator's temptation is to reduce rather than to increase his pay because of the reduction in profits.

The history of mining in the United States is the story of increasing costs to the operator and decreasing satisfaction for the miner. The basic problem has been solved neither by the monopolistic control of the anthracite mines of Pennsylvania nor by the (at times) highly competitive mining practices of the bituminous mines in the rest of the country.

The history of coal mining in Great Britain serves admirably to illustrate the various methods of mining in use through the ages and today. The open quarry system of mining

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coal was naturally the first, the easiest, and the cheapest method known to man. Coal in Great Britain was first dug from open outcroppings on the surface of the ground. The overcovering of rock and earth was then stripped away from the coal, and the subsequent quarry was again dug out. There have been very few open quarry mines in the United States, and conditions have not favored stripping except in certain anthracite mines.

Of the four methods of entering a mine to dig coal, the so-called "drift" was the first favored. The miners would dig directly into an exposed seam of coal in the face of a ledge or a cliff, with the coal being brought out of the tunnel by wheelbarrow. The drift tunnel is slanted upward into the seam so that mine water drains out without pumping. Obviously the drift is the most economical way to enter a coal mine. A mining tunnel is very similar to a drift, but the original entrance is made through earth or rock to the point at which the coal seam begins. Aside from technical details, sinking a slope to enter a mine is very similar to drift entrance.

In Great Britain, as early as the fourteenth century, limited opportunities for shallow mining had led to the sinking of deep shafts more or less similar to those operating today. At the bottom of the deep shaft, the "bord and pillar" (or, as it is known here, the "room and pillar" method) was developed early. According to this method of mining, the coal is removed from a succession of chambers or rooms separated by pillars of coal which are left to support the roof of the mine. Deep shaft mining called for elaborate pumping systems to keep the mines free from underground water. After 1769 Watt's steam engine came into wide use in Britain to operate mine pumps. The safety lamp for use in gassy mines was invented in 1815 and proper ventilation of deep mines was even longer in coming.

Once the steam age had been inaugurated, the pressing demand for coal forced a steady increase in English coal production. Between 1210 and 1560 the annual production was estimated at 200,000 tons; 100 years later it rose higher than 2,000,000 tons annually. By 1770, when Watt was working on his engine, annual production was well over 6,000,000 tons and in 1800 it reached 10,000,000 tons. By 1850, coal production in the United Kingdom had increased to 54,000,000; in 1853, the first official figures recorded almost 65,000,000 tons of coal mined.

Early English coal mines, however, were not profitable for many operators, and the coal miners existed in a "semi-servile" state, according to Sidney Webb. Although the miners were not slaves in a technical sense, they were bound over to the operators once a year, and worked under miserable conditions for pitiful wages. Because many of the underground passages were narrow and low, small children were useful for mining, and both women and children were harnessed to little carts of coal.

Nor were the operators making great profits. In *The Case of Bituminous Coal,* Hamilton and Wright quote from a history of British mining:

"Master Beamont, a gentlemen of great ingenuity and rare parts, ventured into our mines with his thirty thousand pounds . . . Within a few years he consumed all his money and rode home on his light horse."

Hamilton and Wright suggest that "Since his time [1649] an order of the Knights of Master Beamont could have been founded. And the order would have been large and flourishing although the names of most of the members are unknown to fame. For almost as little account is taken of losses in the coal industry as of losses at the gaming tables."

The history of American coal mining began in a close parallel to British mining, although we find little indication that the mine operators as a group long suffered economic misfortune. Once coal was adopted for industrial and domestic use in the New World, (and its adoption was assured by the early nineteenth century), coal mining became a profitable enterprise. It took seven days to bring 60 tons of anthracite to tidewater on the Susquehanna, and the cargo was sold at from $10 to $12 a ton. Once the War of 1812 blocked the importation of British coal, coal prices in New York rose to $25 a ton and anthracite was used for ore smelting. By 1829, four canals for the carrying of coal had

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been completed (the Schuylkill, the Pennsylvania, the Morris, and the Delaware and Hudson). Production of anthracite jumped from 77,000 to 112,000 tons. From this period on, the history of coal mining is the history of dissatisfaction and labor unrest, of the unionization of one of the world's most vital industries, and of increasingly strong efforts on the part of government both in Britain and the United States to solve "the problem of coal."

Although there are few states of the world which have no coal deposits at all, the United States boasts an enormous coal mining potential—one-third of the world's supply. The combined areas of coal in the United States measure about 185,000 square miles. The Appalachian or Allegheny region holds about 60,000 square miles, including Pennsylvania, Virginia, West Virginia, Maryland, Ohio, Kentucky, Tennessee, Alabama, and Georgia. The Illinois and Missouri region, which includes Indiana, Iowa, Kentucky, Kansas, and Arkansas, also holds another 60,000 square miles of coal land. Michigan boasts about 5,000 and Rhode Island about 500 square miles. Small workable areas are also found in the far West and in Utah and Texas.

Except for the four anthracite coal fields in Pennsylvania, all the coal in the United States is soft or bituminous. Aside from a small fifth area (not true anthracite), the anthracite coal area of Pennsylvania measures about 472 square miles.

How do our coal supplies compare with those of other countries? England alone has an area of 8,139 square miles of workable coal beds, and Great Britain, with Ireland, contains approximately 12,000 square miles of coal fields. European coal in general is of inferior quality. Coal in Asiatic countries has not been sufficiently explored. In Nova Scotia and New Brunswick there is another large area of about 18,000 square miles.

Whether or not exhaustion of coal supplies is a problem for our generation or our century is less easily answered. It has frequently been stated that our coal supplies are inexhaustible. H. G. Wells notes that the coal "in sight" will probably last another 20 generations. In normal times, production lags behind the capacity of the 6,000 or more mines in the United States, and conservation has seemed to most operators irrelevant. (The exhaustion of English coal fields is, of course, more imminent). Nonetheless, it has been estimated that about 25 per cent of our anthracite has already been mined. In some Appalachian mines, shortages in high-grade coking coal are not far off. "The tragedy of waste" in coal, stressed by Isador Lubin, Stuart Chase, and other economists, seems to be coming closer to hand, partly because of the unprecedented demands of total warfare. Germany's difficulties because of coal shortages in World War II are too well known to be repeated here.

OWNERSHIP

The coal lands of the United States are now frequently held in very large tracts. Because of the limited extent of American anthracite mines, these have been held by huge corporations. Because the problem of transporting the coal became a major factor early, the railroads soon monopolized the anthracite industry. As McAlister Coleman points out, in his book *Men and Coal;* " . . . . with the coming of the steamboat and locomotive there was formed the powerful alliance between hard coal and rails that was to set the economic pattern of anthracite until well into the twentieth century."

The anthracite mines were originally purchased from farmers for between $20 and $100 per acre, but by the mid-1920's there were no virgin coal lands left. In 1927, the valuation for tax purposes fixed by the County of Lackawanna on coal property was $400 per foot acre, with the property assessed at 75 per cent of this valuation.

Coal acreage is often leased instead of bought, so that the surface of the fields can be maintained as agricultural land. In 1870, Wyoming district coal land could be leased at 10 cents a ton paid as a royalty on all coal mined. Twenty years later the Lehigh Valley Coal Company leased coal acreage for 45 cents per ton, and by 1928 the price had stabilized in general to around 40 cents per ton, all sizes, paid as mined.

Immense purchases were made early in coal history by the railroad companies. In 1871, for example, the Philadelphia and

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Reading Company bought 100,000 acres of coal lands in the Schuylkill region, at a cost of $40,000,000. By 1887, coal had become big business, with a single firm, the Delaware and Hudson Canal Company, paying $5,019,147-.16 for mining coal; their coal sales figure were double that amount. That same year, the total anthracite production was 34,880,000 and the company in question mined more than 4,000,000 tons. In 1920, when the total production of the fields was more than 89,000,000, the Delaware and Hudson and its affiliates mined 10 per cent of the total. By 1920, nine railroads dominated the anthracite coal fields: the Delaware, Lackawanna, and Western; the Delaware and Hudson; Lehigh Valley; Reading; Erie; New York, Ontario, and Western; Lehigh and New England; Central Railroad of New Jersey; and the Pennsylvania. By 1923, these companies and their subsidiaries owned and controlled between 75 and 80 per cent of all anthracite mined, and about 90 per cent of all future supplies.

MONOPOLY

In his study of *Coal and the Coal Mines,* written in 1927, Homer Greene offers a spirited defense of the anthracite coal monopoly:

> This concentration of coal lands and coal mining in the hands of great corporations, aside from its tendency to stifle healthy competition, is productive of many benefits. Coal can be mined much more cheaply when the mining is done on a large scale. This is the rule, indeed, in all productive industries. An enterprise backed by the combined capital of many individuals is more certain to become successful and permanent than an enterprise inaugurated by, and carried on with, the entire capital of a single individual. Especially is this the rule in a business attended with so much risk as is the business of mining coal. . . . A company, with its great resources and its elastic character, can meet and recover from an adverse incident . . . . with scarcely a perceptible shock to its business. . . . There is also the additional assurance that all work that is done will be well done. . . . The company's forces are well organized; their mining operations are conducted with system and economy; and they are able to keep abreast of the age in all inventions and appliances that insure greater facility in mining and manufacturing, and greater safety to the workmen. Their employees are paid promptly at stated periods, and the possibility of a workman losing his wages by reason of neglect or failure on the part of his employer is reduced to a minimum.
>
> In general, it may be said that the control of the anthracite coal business by the great corporations, rather than by individual operators, is an undoubted benefit, not only to all the parties directly interested, but to commerce and society as a whole.

No such monopoly has been possible in bituminous coal. From 1900 to 1907 ownership of bituminous fields became concentrated in fewer hands and the financiers began to assume responsibility for soft coal. To the casual observer, it began to look as though Thorstein Veblen was right when he remarked that:

> In coal, iron, and transportation the conversion of public necessities into private assets has already reached a passably settled and conclusive state, so that these means of production are now held securely in absentee ownership and managed on the sound business principle of charging what the traffic will bear.

Nonetheless, geology forbade successful monopoly. Andrew Carnegie, who hesitated to enter the mining field, believed that no monopoly was possible when coal deposits were so readily available. Soft coal's "unexpected appearances" on the other side of the monopolist's line tended to upset stabilization. As George Otis Smith once noted: "Nature enforces the antitrust statutes in the bituminous industry."

Both in the anthracite monopolies and in the bituminous cutthroat competitive market the laboring miners suffered. According to McAlister Coleman, "wages constitute 60 to 70 per cent of the cost of production" so that competition among mining operators always led to cuts in miners' pay. Labor-saving machinery was introduced on a wide scale after 1900 in a further effort to cut costs; the miners did not fight the machine but insisted that machine operators' pay be subject to collective bargaining. In 1900, there were 3,907 machines in American mines cutting 25 per cent of the total output; in 1907, 11,114 machines raised the percentage to 36. By 1909, more than a million horsepower was in use. Although the tonnage per man increased from

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2.98 daily in 1900 to 3.29 in 1907, the number of bituminous miners grew also, from 304,000 in 1900 to 513,000 in 1907.

As we noted above, the mining laborer was consistently underpaid both in the anthracite and the bituminous mines of the United States. Indeed, one of the basic factors in the coal industries of the world has always been the depressed condition of the men who work the mines. In the British Isles, for many years, the miners were kept in feudal bondage, and the Scottish miners were not finally freed from actual serfdom until 1799. As Sidney Webb pointed out, in his *History of Trade Unionism,* "In the North of England the 'yearly bond,' the truck system, and the arbitrary fines for short measure kept the underground workers in complete subjection."

In The Story of the Durham Miners, Sidney Webb wrote of the almost complete illiteracy of the miners during the first quarter of the nineteenth century. Hewers (miners) remained underground 10 to 12 hours daily for a miserable pittance; boys worked below ground for 16 to 18 hours daily for half their elder's wages. Company-owned or controlled stores where the miners had to buy all their supplies (the truck system) kept them in debt; schools were unheard of.

EARLY UNIONS

The first union of coal miners was formed in the North of England, according to the Webbs. "The Colliers of the United Association of Durham and Northumberland," organized after the repeal of the Combination Acts in 1825, kept the counties "in a state of excitement" for two years. A published pamphlet cited the miners grievances: low rates of pay; variations of weights and measures on which their pay was computed; non-payment for small coal; improper ventilation and lighting below ground; arbitrary failure to provide employment; harsh and tyrannous behavior of supervisory underlings; sharp practices to cheat them out of their promised half-crown daily when the pit was idle for more than three days (this promise had been made in 1810).

In 1831, a strike of 20,000 miners forced some concessions from the irate owners. After the return of the miners to work, the owners, according to Webb, "made it a fresh subject of complaint that the hewers, in order to equalize employment throughout the pit, had stinted themselves to earn no more than 4s. per day. They declared that many collieries were actually working at a loss."

The same criticism of restricted output was noted by J. L. and Barbara Hammond in their book, *The Skilled Labourer, 1760-1832:*

> With the object apparently of distributing the work equally over different days, and amongst the different workers, the Union laid down a rule that no hewer should make more than 4s. a day. On this the coal owners seized as a serious grievance, attributing their losses largely to this diminished output. They stated boldly that two-thirds of the hewers made their 4s. in six hours, a statement vehemently denied by the men. Since the guaranteed minimum was 30s. for eleven days, and the owners admitted that eight hours was the customary day for a hewer, the statement on the face of it seems improbable.

To those unfamiliar with the problem of coal mining, it may seem almost unbelievable that the miners were using much the same tactics in 1831 to equalize their employment that John L. Lewis' miners used in the spring of 1949. But the truth of the matter is that coal as an industry presents the same obstacles now as it did when first the miners began to organize for the redress of their worst grievances.

To summarize the problem thus far presented, coal is a vital factor in this industrial age. As an industry, it gives employment to many hundreds of thousands and provides a source of investment revenue for other countless numbers. In our economy, coal is not only an important source of fuel and of power, but provides the material for medicinal synthetics of great significance and for plastics. From a military viewpoint, coal seems to be essential to modern warfare, and states without adequate coal reserves, such as Germany and Japan, face military shortages which intensify as warfare becomes more mechanized.

Partly because of its very nature, however, coal is a sick industry. It takes enormous supplies of capital today to open mining operations, and the deeper the mine, the

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greater the investment, and the less valuable the property becomes.

This unsatisfactory nature of mining operations, in turn, encourages monopoly in coal. It is also responsible in some measure for the miserable conditions faced by the miners up to comparatively recent times. Other factors come into play here. Working underground is surely not one of the pleasanter occupations of life. Working under what must remain hazardous and extremely dirty as well as uncomfortable conditions intensifies the miner's hardship.

The hard facts about the coal industry have led to many suggestions in recent years that coal be nationalized, i. e., taken under government ownership and operated by the government.

BRITISH EXPERIENCE

In Great Britain, as long ago as 1919, a government sponsored coal commission reported on mining conditions in terms that clearly favored nationalization of the British mines. Although three reports were made at this time by the British Coal Industry Commission, the one actually adopted was known as the "Sankey Report," after one of the commissioners. Recommending a decrease of hours in the working day from eight to seven, and higher pay for miners, the Commission stated that it was not prepared to support or to condemn the nationalization of the mines, but noted that members of the Commission were markedly in favor of such a step. Among other suggestions, the report proposed ld. per ton be levied on coal mined (approximately £1,000,000,000 annually), the proceeds of the levy to go toward the improvement of housing in the mining areas. Noting the tremendous strides taken in educating the miners, the Commission declared that in the future the newly educated workers should have "an effective voice in the direction of the mines," whether or not the mines were nationalized.

Following the suggestions in the so-called "Reid Report" almost a generation later, the Labor government of Great Britain finally switched the coal mines of the country to government ownership on January 1, 1947. In discussing the move the following year, *The Economist* outlined its reasons for being "among those who believed that public ownership of coal mining was wise and right."

"It had several reasons for this belief," declares an article in the May 22, 1948, issue, "but the chief one was that nationalization alone held out any hope of providing the capital and the technical opportunity for the improvement in mining methods for which Sir Charles argued so convincingly in the Reid Report."

The same article gives a clear example of one of coal's basic problems, one which cannot be met either by private or public ownership. According to *The Economist*, in 1947-1948 £1,564,000 was spent on machinery in the Northern Division of the Coal Board, and the results have been negligible compared with the capital outlay. The expense for "great masses of machinery" seems to bring an inadequate return.

"But," notes *The Economist*, "as collieries grow older and workings are pushed further away from the shafts, the effects of inadequate haulage on working costs become considerable. Maintenance of long mileages of arterial roads, the limited capacity of rope haulages, lack of underground riding facilities for men, and the increasing problem of ventilation—all these factors reduce the amount of coal that can be taken through any underground haulage. Delays occur, loading has to be suspended during the working shift, and compensation has to be paid to piece workers. Gradually, the standard of output at the face falls."

Improvement in the underground haulage system thus becomes imperative, but this is a long undertaking, as the British weekly suggests:

"One pit in the Northern division, where the underground transport system is described as 'relatively good' employs nearly 25 per cent of its total labour force on underground transport; this costs 6s. 7d. per ton of saleable coal. New roads . . . . would enable locomotive haulage to be used, with a far greater capacity than the rope haulage; ventilation would be improved; the number of transport workers could be reduced from 1,576 to 571, and the cost of underground haulage per ton of saleable coal from 6s. 75. to 1s. 11d. . . . The estimated cost of this scheme, and its ancillary items . . . . is put at

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£2,582,000 of which £1,300,000 would be spent underground. . . . "

To make the coal industry in Britain begin to pay, according to Sir Charles Reid, an output of about four tons per manshift at the face is required. In 1938, the output was 2.9 tons; by April of 1948, under government ownership, it had fallen to 2.85 tons, despite an increase in coal mechanically cut from 58 per cent of the total (1938) to 74 per cent (1948).

This is due in part to the unwillingness of the miners to push their production, and in part to the natural, increasing unproductiveness of the English mines. Coal, in other words, tends to be increasingly unprofitable as an industry. This is the first reason why nationalization of coal mines seems practical.

DANGERS

Secondly, despite mechanization and the addition of numerous safety devices, the mining of coal is a dirty and dangerous occupation. Much has been written on behalf of the operators to show that the miners actually love their work.

"There is a fascination to an old miner about the dark chambers, the black walls, the tap of the drill, the crash of falling coal, the smell of powder smoke in the air, a fascination that is irresistible. He would almost rather die in the familiar gloom of the mine than live and toil in the sunlight on the surface." These words of Homer Greene (*Coal and the Coal Mines*), should probably be taken with a grain of salt, particularly when we consider them in conjection with his conclusion:

"If some method could be devised and agreed upon for the elimination of strikes and the suspension of labor entailed by them, there would be no more comfortable, happy, and generally prosperous class of workers in America than those who labor in and about the coal mines."

Those who read about the life of the miners prior to the days of John Mitchell and the organization of miners' unions, might be disinclined to agree with Greene's pious statement. The union man may well remember the famous statement made by George F. Baer, president of the Philadelphia and Reading Coal and Iron Company during the anthracite strike of 1902:

"The rights and interests of the laboring man will be protected and cared for—not by the labor agitators, but by the Christian men to whom God has given control of the property interests of the country."

Actually, the private operators, either because they refuse to reduce profits, or because it is increasingly hard to make profits, have rarely incorporated adequate safety devices without government or union coercion. If the mines were government owned, improvement of working conditions and safety conditions would be far easier to effect, particularly in view of the labor vote. The improvements suggested by *The Economist* for the British mines, which are gradually being adopted, are far too expensive for most private operators. As the Reid Report states and the Sankey Report implied, nationalization of the mines is the only sure way to improve mining conditions.

But, you may well remark, if coal mining is unprofitable and if it is dirty and dangerous, why not gradually substitute another form of power for coal? This question points to the third argument for mine nationalization, i. e., that coal is so far a vital commodity for our economy and for our national defense. The mining of coal therefore becomes a national concern, a public matter, admirably suited to public ownership and operation. If the coal mines must be operated at a loss, to provide fuel and power for industry and for defense, then the people of the United States —all of them—should pay to support the mines. If, by the same token, the mines must be worked, then the people of the United States—again, all of them—should contribute to the wages and the general welfare of the miners.

As the situation exists today, the United Mine Workers union has in effect levied a tax on the consumer of coal—the per ton tax for the miners' welfare fund—without the representation of the tax-payer, and without any adequate supervision provided for the administration of the fund. Already ugly rumors make the rounds detailing corruption and fraud in the doling out of pension and compensation funds. According to an article

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in the *United States News*, neither the union nor the welfare recipients will divulge how much is being paid out to them. Secrecy has so far marked the administration of the U.M.W. pension money. The government ownership of the mines and government administration of all such funds would in effect restore open and public control over such problems as pensions for miners.

If, furthermore, the day should dawn when some other form of power, possibly atomic power, is ready to replace coal, this replacement will be far more likely if the government and not the private operators have a vested interest in the mines. The struggle of private industry against improvements which destroy their investments is well known and understandable, but it should not be allowed to stand in the way of progress. The substitution of some other form of power for coal, further, would be opposed presumably by the working miners whose livelihood is in coal. These men would be far more likely to listen to government reasoning and promises of employment than to private operators.

Because coal mining is going to become unprofitable, because the labor involved is basically unpleasant and dangerous, because coal is vital—because, actually, coal is a major industry and a sick industry, nationalization of America's coal mines seems indicated.

Nonetheless, there are equally strong arguments against the nationalization of the coal mines of the United States. The socialistic argument outlined above assumes that there is no possibility of ironing out the inequities of the capitalist system. This premise, according to the capitalists, is simply not true.

We may begin outlining their viewpoint by admitting the truth of many premises made by the socialists with regard to the coal industry: it is vital; it is sick; it is dangerous and dirty; it may eventually prove unprofitable to operate coal mines (*but is not yet*).

None of these premises are valid arguments for nationalization of the mines. Actually, one of the problems of the capitalist system to date is the cost of administrative overhead. As corporations grow and expand, a so-called "office" force grows up in contrast to the production or labor force. Now the labor force must actually make, in simple terms, enough goods so that the sale of the goods will support the labor force and the office force as well. The coal miners, for example, must mine enough tons of coal to pay for their wages, the salaries of the men in the offices, the dividends to the stock holders, the salaries of the union officials, and so forth. The more elaborate the office establishment becomes, the more coal the miners must raise every day to make enough to pay the extra salaries.

Actually, there are inefficiencies and other evils inherent in *size*. The larger the corporation, the more intricate its organization, the greater the cost of its overhead. Over-large corporations lead not to efficient operation but, just the opposite, to inefficient operation. This is true partly because a company can grow so large that no one man or small group can supervise its operations adequately. It is caused also by the monopolistic tendencies of large corporations.

The difference between Andrew Carnegie's steel company and the United States Steel Company offers an example of this. The Carnegie company was a fairly small company. It was operated on a one-man head basis. It competed with other companies on the theory that Carnegie could make better steel, cheaper. The United States Steel Corporation, in contrast, was the largest corporation formed in 1900. It was operated not for a single owner but for an incredible number of absentee owner-stockholders who bought their stock because of possibilities of future profits. It competed, to use the term loosely, on the basis that it could and would buy out any and all serious competitors, so that it could report huge profits by keeping steel prices high.

Naturally, this is also, with variations, the story of the big, monopolistic operators in the anthracite coal fields of the United States. For these operators, today, the mining of coal is by no means unprofitable, nor have they been financially unable to improve working conditions and miners' pay. Whether in the frenzied search for larger and larger profits they have been unwilling to do so is another story.

The bituminous coal operators, according to the facts cited above, have always faced more competition and tend to be far less monopolistic. It is significant, from the union

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viewpoint, that the bituminous operators on the whole have been easier to deal with and more willing to make labor concessions.

To summarize the case against nationalization so far: one of the major problems of the capitalist system as it operates in the coal mines is the cost of overhead. It is generally conceded that the larger the corporation involved, the greater the cost of this item. Incidentally, the larger the corporation, the more inclined it is to inefficiency and the less inclined it is to deal with organized labor.

When large corporations become monopolies, all these tendencies become exaggerated. In addition, the monoply soon abandons all pretense of operation in the public interest. Instead of working to cut costs and lower prices, with the incentive of close competition, the monopolist loses interest in keeping costs (including overhead) low, and concentrates on charging "all the traffic will bear." He becomes, in effect, the great protagonist of the status quo in his business. His interest in stability is self-interest; changes, improvements, new inventions—all are regarded as threats to his favored position.

BITUMINOUS

In an industry like bituminous coal, however, the would-be-monopolist is at a grave disadvantage. The middle-class farmer next door may discover a rich coal vein in his back yard, and he may decide to work it himself. Because it is impossible to monopolize all the present and future soft coal sources in the United States, a real private monopoly is impossible.

Suppose, however, that the government is ready and willing to step in to help the bituminous operator. He may perhaps be able to obtain monopolistic power in soft coal, for example, if the government grants him an exclusive license to mine and sell such coal for the American market. In effect, government franchises are nothing new, and such franchises provide the most effective possible basis for monopoly power. The half-way nationalization of radio and television networks is a case in point. The right to broadcast is extremely valuable, and the granting of licenses by the Federal Communications Commission becomes, in effect, the assurance of a sort of monopoly.

Of all forms of monopoly, however, none is so strong, so inherently expensive, and so capable of distortion as a government monopoly, because it is a nearly perfect monopoly. The coal industry state owned must become ipso facto a state monopoly. Competition is obviously ruled out since private industry is no longer permitted to operate coal mines.

Government interest in the status quo and in keeping the price of coal high is just as strong or stronger than private industry's former interest. If coal is discovered in a neighboring state and mined more cheaply, it must be barred from our territory, lest prices drop and the government lose revenue. If another source of power is developed, its use must be forbidden, lest the government lose its investment in coal lands, machinery, and improvements. (That such investments are not inconsiderable is shown by the quotations above from *The Economist*). Serious depreciations in the price of coal must never be countenanced, because the government must try to see that nationalized coal pays for itself.

In the short run, nationalization of the coal mines may be in the interest of the miners, because the government may, through the operation of the suffrage, concede mining improvements and wage increases. This has been true in the British experience to date. The British miners, however, also have faced another reality of government ownership; the government is an all-powerful employer. The problem of prolonged striking against the government has not yet been faced by the nationalizers, and it is certainly conceivable that in time of self-declared "emergency," for example, the government might prove a very hard master.

In the long run, further, the interest of the miner, like that of the consumer in general, is in raising the general standard of living and in keeping prices down, to increase markets for coal. The interest of the government in maintaining the price of coal would in the short run conflict with the interest of the consumer and in the long run with that of the miner as well.

Overhead, of course, would be greatly increased in case of government ownership of the mines. In its comments on nationalized

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coal in Britain, *The Economist* brings this point out clearly:

> The debit items on the nationalization account are clearly visible in coal: the cumbrousness of administration that afflicts so gigantic a structure runs inevitably on bureaucratic lines; and the sensitiveness to political pressure, as witnessed by the acceptance of that costly disaster, the five-day week.

The latter point is one more factor against nationalization of American mines. Today, the U.M.W. is one of the most powerful unions in America, if not the most powerful. It already has brought tremendous pressures to bear on the government of the United States. Were the mines government owned, the temptation on the part of government officials to trade concessions for votes would be almost irresistible. We can see in the case of England how disastrous such moves may be for the general welfare. It can hardly be denied that the government is in a far better position to safeguard the interests of the majority of its citizens when it mediates labor disputes instead of becoming a party to them.

One of the strongest arguments for nationalization seems to be the possibility of improving the working conditions in the mines. This is already under way in Britain. Yet if such a move does nothing to increase coal production, it operates to the disadvantage of all the consumers of coal who pay more, and works out only to the short-term advantage of the miners. It must be remembered, that there is no real guarantee that the government-owned mines will continue to be operated in the miners' interest or in the public interest.

Democratic socialism, of course, is based on a belief that all the people should own the machinery of production, through their government, and that such a government should be, and can be, democratically controlled. It is sad but true, however, that the stronger the government, the more difficult it is to control. Those who work for the government even today are hesitant to vote against or work against the administration that gave them their jobs. When an increasing percentage of Americans work directly for the government, their tendency to support an administration that guarantees their jobs will be very strong. In Stalin's Russia, in the late Hitler's Germany, in Mussolini's Corporative State, nationalization of industry and government employment for all were, from the point of view of the government, very successful. Great Britain is trying today to work out a kind of democratic socialism which will provide for nationalized industry with democratic controls. To date, Britain is far from proving the point.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946, of FORUM, published monthly at Philadelphia, Pennsylvania, for October, 1949.

State of Pennsylvania, County of Philadelphia. Before me, a Notary Public in and for the State and county aforesaid, personally appeared D. G. Redmond, who, having been duly sworn according to law, deposes and says that he is the Editor of the Forum and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily, weekly, semiweekly or triweekly newspaper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the act of August 24, 1912, as amended by the acts of March 3, 1933, and July 2, 1946 (section 537, Postal Laws and Regulations), printed on the reverse of this form, to wit: 1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Events Publishing Co., Inc., 108-110 Walnut St., Philadelphia, Pa.; Editor, D. G. Redmond, 108-110 Walnut St., Philadelphia, Pa.; Managing Editor, None; Business Manager, None. 2. That the owner is: (if owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) Events Publishing Co., Inc., 108-110 Walnut St., Philadelphia, Pa.; Shelby Cullom Davis, Scarborough-on-Hudson, N. Y.; Sidney B. Fay, 194 Brattle St., Cambridge, Mass.; Orin McMillan, 1341 Morrison St., Madison, Wis.; D. G. Redmond, 108-110 Walnut St., Philadelphia, Pa. 3. That the known bondholders, mortgagees, and other security holders owning or holding one per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None. 4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

(SEAL) D. G. REDMOND, Editor

Sworn to and subscribed before me this 21st day of September, 1949.

THOMAS P. ROWAN, Notary Public

(My commission expires February 1, 1953)

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CONGRESS DEBATES:

Reciprocal Trade Agreements Act

THE long, long struggle between the Democrats and the Republicans over protection for American industries from low-priced foreign goods is still raging. The latest clash occurred in September when President Truman sought to revive the old Reciprocal Trade Agreements bill as it had been instituted under President Roosevelt in 1934.

The Reciprocal Trade Agreements Act gave the President authority to reduce tariffs in exchange for similar trade-stimulating concessions by foreign countries. The Democrats, long advocates of low tariffs, had been spurred on to action in the 1930's by the prohibitory Smoot-Hawley Tariff of 1930. They claimed it contributed to the depression. The Reciprocal Trade Agreements Act was periodically renewed without major changes until 1948 when the Republican-controlled Congress enacted an extension containing the "peril point" requirement.

The peril-point law, which expired on June 30, 1949, has been continuously assailed by the adminstration as a return to protectionism. Under a peril-point amendment, the President would be required to make a public explanation to Congress if he cut duties below levels designated by the Federal Tariff Commission as threatening serious injury to domestic producers. But the determination of the Republicans to have a peril-point amendment included in any new trade agreement remained strong.

When the Reciprocal Trade Agreements Act came up for renewal in the Senate, the fight centered around a peril point amendment which had already been rejected by the House. In the final voting, all the Republicans in the Senate voted for the inclusion of the Millikin peril point amendment. The Republicans, however, won only three Democrats over to their side. The amendment was rejected by 43 to 38. Other restrictive amendments were also rejected. As a result, the act was passed unchanged by a vote of 62 to 19. It not only shows the Senate divided along traditional partisan lines, but it also demonstrates the struggle that has been developing between the executive and legislative branches for power.

FORUM presents below excerpts from the final debate on the Reciprocal Trade Agreements Act.[1]

* * * *

Mr. LUCAS, Democrat, Illinois. Mr. President as all Senators know, the immediate question before the Senate is the amendment offered by the able Senator from Colorado [Mr. MILLIKIN], for himself and other Senators, dealing with peril points. I think it is well to remember, during the debate upon this question, that under the Hull-Roosevelt theory of reciprocal trade which has been enunciated from time to time, the United States has entered into 42 agreements with other nations, all of which are in existence at the present time and, in the opinion of the Senator from Illinois, are operating successfully. I am not guessing when I say that, Mr. President. The opinion I have expressed is based upon evidence which has been adduced from time to time before the Senate Finance Committee, of which I am a member.

Two years ago this trade-agreement trend was reversed as the result of the action of the Eightieth Congress. I sincerely hope that

[1] *The Congressional Record, Senate,* Vol. 95, No. 171, pp. 13109-13168.

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there will not be a continuation of the reversal of the trend, which resulted from putting into effect the peril-point provision, which is now advocated in the amendment offered by the Senator from Colorado. I hope the peril-point provision will be done away with, and that we may proceed in our international relationship with other nations, so far as trade is concerned, upon the same theory which was in successful operation for 14 years.

Mr. President, let me review briefly some events of international importance which I submit, bear a close relationship to reciprocity in international trade. The Western democracies in recent months have made great strides toward the creation of a structure for political cooperation. One of the great tributes to the statesmanship of these countries, and particularly the United States, is the Atlantic Pact. Through this pact the Western democracies have agreed to restore and maintain security by the recognition of the principle that an attack upon one is an attack upon all.

The United States has been the leader in this movement. We alone are qualified for that position, since militarily we are strong and economically we escaped the destruction of war. We are the leader in that movement. In fact, we are the leader in world movements at the present time, whether they be economic, political, military, or otherwise. That has come about by reason of the victory which we obtained in World War II. We cannot toss aside the mantle of leadership which has been thrown over our shoulders, irrespective of how much some may dislike to assume such leadership. Recent action taken by the Senate shows that we are not going to falter in our leadership so far as the world is concerned. During the past few months we have appropriated funds to continue the European Recovery Program for the restoration of Europe's war-torn economy. We have provided for aid to Greece. Our resolve to further the program of cooperation was further demonstrated by the passage of Senate Resolution 239, the Vandenberg resolution, designed to strengthen cooperation through the United Nations. Even more recently we have taken the lead in the formation of the Atlantic Pact, as I have previously stated. In this pact we recognize specifically the principle upon which all these actions are based, that we are part of a world community and that the political well-being of all the Western democracies is threatened by the weakness of any one of them. Our political fortunes are linked. We go up or down together.

That principle is just as important in the consideration of economic problems as in the consideration of political problems. It is frequently said—and justifiably so—that wars result from unhealthy economic conditions among the various nations. Unless there is strong economic unity among the nations who are our friends at the present time, as well as political unity, which we seek through the Atlantic Pact, the Marshall Plan, and other means, the very measures which we have seen fit to enact in Congress by way of help to those nations may ultimately fail because of economic factors. In fact, if the principle of the mutual interdependence of the Western democracies is not reckoned with economically, the political structure we have organized in recent months may itself be jeopardized. The political organization for our mutual protection cannot succeed without the participation of economically healthy countries.

In this aspect also the United States is the leader by reason of her great natural resources and strong economic position. We are the leader by force of circumstances, and cannot decline the position. Economically, as well as politically, the Western democracies rise and fall together. That proposition can not be ignored in the consideration of our trade policies.

We must remember these realities in the discussions of reciprocal trade. The action to be taken here today cannot be thought of only in its relation to the administration of the trade program. We must also carefully weigh the impact which that action will have on the rest of the world. In the consideration of this trade program we must show the same understanding and statesmanship displayed so well in the consideration of the Atlantic Pact and the European Recovery Program. The political and economic aspects cannot be separated.

What impact would the adoption of a peril-point provision have upon other Western democracies? No one can deny that this procedure is a retreat from our traditional reci-

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procal trade-agreement program, which has been laid down under a Democratic administration during the past 14 years. This amendment is protectionist in nature. If adopted, it would be an indication to all the nations of the world that we have faltered in our leadership toward greater economic cooperation among the Western democracies. Technical arguments might well be made in support of this amendment to the effect that the escape-clause procedure and other safeguards to domestic industry contained in previous legislation are ineffective. But will those arguments be convincing to other nations, or will they be recognized for what they are—the rationalization of a protectionist group opposed in the main to the Hull-Roosevelt theory of reciprocal-trade agreements?

TARIFF COMMISSION

The peril-point plan would elevate the Tariff Commission to a dominant position in the making of trade agreements. Let me tell the Senate why. The Commission is required to consider only the protection of domestic industry and to determine the point at which domestic industry might be injured or threatened with injury. No one can claim that scientific accuracy is possible in such a determination. Not only will the man on the street and the special interests involved disagree as to the point at which domestic industry might be threatened, but the Tariff Commissioners themselves will certainly find agreement difficult, especially so when the Tariff Commission is a bipartisan body, composed of three Democrats and three Republicans. About half the time they divide along partisan lines.

Yet it is this overcautious, obviously unscientific, "educated guess" which will be the controlling factor in all subsequent negotiations. Of course, the proponents of the amendment claim that the proof of its fairness is that the President may disregard the determination of the Commission if he so desires. My distinguished and able friend from Colorado [Mr. MILLIKIN] has made that point, not once but many times on the floor of the Senate in the debate, advising the Senate and the country that the President need not follow the advice of the Tariff Commission; that he may continue to take the advice, counsel, and suggestions of the so-called Interdepartmental Committee, and finally use his own judgment with respect to where the peril point may be. The only thing he is required to do is to report his reasons for changing the peril point to the Congress.

But certainly it cannot be presumed that the leaders of the great Republican Party would champion a cause that is futile. That is exactly what the Senator from Colorado is doing when he constantly tells the Senate and the country that the President need pay no attention to what the Tariff Commission's determination may be with respect to peril points upon the different commodities. Because of the united front on the Republican side of the aisle, it cannot be assumed that they are championing a futile and hopeless cause. They cannot successfully make the argument that because the President has this power he will pay no attention to the findings of the Tariff Commission. It must be admitted by everyone concerned that in the great majority of cases the peril-point prophecy must prevail. Once the Tariff Commission fixes peril points, as a practical matter, that will be the end of it.

By way of emphasizing the point, I remind the Senate again of the argument that the Commission's determination is not binding on the President. Mr. President, what a fallacy. If he chooses to ignore the peril point he will be on the spot so far as Congress is concerned. We know that every member of Congress who is advocating the peril-point position, in line with the amendment of the distinguished Senator from Colorado, and who believes in the theory of peril points, will be talking to the country about the refusal of the President to follow the decision of the Tariff Commission. No longer would the President be free to consider and weigh the various factors involved on their merits alone. His final judgment would be overshadowed and hampered by the educated guess of the Tariff Commission and the knowledge that congressional pressure is immediately available to support the determination of the Commission.

One can easily understand the powerful political weapon available to opponents of the President once he has disregarded any of the

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peril-point determinations. They can easily convince the special interest involved that it has been injured solely through the action of the President. I can hear them now on the stump saying, "Had the President of the United States followed the decision of the Tariff Commission your industry would not be imperiled. It is only the President of the United States who caused your industry to go down." On the basis of the same evidence they could incite all other special-interest groups in similar circumstances, so that the political pressure on the President would be overwhelming. The result would be a protectionist tariff foisted on the American public and the rest of the world under the guise of reciprocal trade.

We cannot get away from that theory so far as this amendment is concerned. The proponents of the amendment can talk from now until doomsday about the amendment not being protectionist in nature. However, it certainly leans and slants in that direction. Once the camel gets his nose under the tent with this kind of amendment, we shall ultimately see the drift back to the Smoot-Hawley tariff.

The distinguished junior Senator from Colorado has argued at length that the peril-point proceduce is essential because the escape-clause method is not effective. He has argued that we cannot effectively use the escape clause because the only result would be a counter-escape by some other country. He has said that the escape procedure can never be effective because it merely "takes the squeak from one end of the axle to put it in the other."

Mr. President, let us examine this argument in relation to the peril-point system. As I recall, it was the distinguished Senator from Colorado and the distinguished Senator from Michigan who were responsible for the escape clause. It is inconsistent now for them to argue that the escape clause does not amount to anything as of today. The Senator from Colorado has said that the escape-clause procedure can never be effective because it merely "takes the squeak from one end of the axle to put it in the other." I say to the Senate that if the peril-point amendment offered by the Senator from Colorado were to be adopted and if that trend were to be pursued in the future, in the final analysis, there would not be any axle where a squeak could develop. The high-protection barriers against imports would eliminate all squeaks but would produce plenty of squawks from exporters and the country as a whole if a high tariff contributed to a major depression.

The basis of the Senator's argument is that our action will not go unnoticed by other countries, and that they will retaliate by denying concessions to our products. Perhaps so, however, it cannot be argued that any action taken here today will go unnoticed by foreign countries.

If the argument presented by the proponents of the peril-point amendment has any validity at all, it also has validity in respect to the peril-point system itself. We cannot say to the rest of the world, "From now on the primary factor in our tariff system is protection to domestic industry," and escape the retaliation which the distinguished junior Senator from Colorado himself has indicated will follow.

SMOOT-HAWLEY

With the peril-point amendment, we abandon our position as the economic leader in world affairs. I undertake to say that we shall move backward, instead of forward, if we abandon our position. When we start to move backward, we know exactly where we are going. If we continue to go far enough to the rear, finally we shall reach what everyone knows was one of the major factors in the depression of the early thirties when the Smoot-Hawley tariff went into effect, although at that time a thousand economists advised against it. Yet the party then in power, the Republican Party at that time, put it into effect. Through this amendment we would run the risk of greatly injuring our vast exporting industry. The results of this amendment in terms of employment and over-all prosperity would be just the opposite of those sought by its proponents.

This nation must export if it is to live and to maintain the high standard of living which now prevails in the United States; and at the same time this nation must import if it is to continue to maintain its high standard of living. We cannot under any circumstances continue to export between $7,000,000,000 and $8,000,000,000 more of commodities than we import without ultimate-

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ly bringing about a dollar famine; and when that happens the industries about which some members of the Senate are so worried, for fear of threatened injury, will find that the developments of such a situation may cause their total ruin. In that case, not merely a few of the small, inefficient industries will go down but the large ones will also have to "take it on the chin."

Mr. President, let me again discuss briefly the escape-clause procedure. The escape-clause procedure would bring counterescape only in the few instances where an escape must be taken because injury to domestic industry is actually threatened. However, this problem is present under the peril-point procedure on every product that might be mentioned for possible negotiation.

Of course, there is a point beyond which tariff concessions cannot go without injury to domestic industry. But there is no reason to believe that the administration of the reciprocal program cannot provide that protection. And it must do so. Certainly the Senator from Illinois does not want to see our efficient industry destroyed through lack of protection. Neither do I desire to see an inefficient industry continue through a high protective tariff.

Mr. President, we have furthered the cause of world cooperation through the formation of an organization of the Western democracies dedicated to the proposition that our fortunes are linked and that all of us rise or fall together. The continuation of the reciprocal trade agreements program, under the Hull-Roosevelt theory, adds another link to the chain of political events, all of which are based upon the hope that out of the progressive steps which this country has taken from time to time under a Democratic administration, ultimately we may have everlasting peace for all mankind.

Mr. President, in my opinion, extension of the trade program is another step, another bold decision, which advises the communistic world and every potential aggressor that we mean exactly what we say—that we shall not retreat but continue to promote economic and political theories which we believe are designed to protect our safety, our security, and the peace of the world.

Mr. President, that concludes my remarks upon the peril-point amendment.

I wish now to speak briefly upon the Butler amendment. Let me inquire how much time I have remaining.

The VICE PRESIDENT. The Senator has 11 more minutes.

Mr. LUCAS. I thank the Chair.

Mr. President, in addressing my remarks now to the Butler amendment, let me say that in the last few days a great deal has been said about injury to domestic industry threatened by the continuation of a trade-agreements program. These remarks have ranged all the way from assertions that this, in effect, is a free-trade program, to denials of any injury or threatened injury to any domestic industry. Perhaps the truth lies somewhere between these extremes. The problem of protecting our industry has certainly not been slighted in our discussion.

But that problem has not been entirely ignored by the administration. It is now, and has been since 1948, the policy of the administration to insert escape clauses in all new trade agreements. The intention has been expressed again and again that the State Department would renegotiate all agreements not containing escape clauses, so that they might be inserted. In no instances were domestic industries to be sacrificed. The escape-clause mechanism was to be open to all.

But, in practice, those intentions have not been carried out. There has been no vigorous program designed to accomplish the renegotiation of trade agreements that do not contain escape clauses.

A case in point is the trade agreement with Switzerland, originally negotiated in 1936. This agreement does not contain an escape clause, and there are no immediate plans which I could discover for the renegotiation of this agreement in order to put an escape clause in it.

This is true even in the face of overwhelming evidence presented by the watchmaking industry that it is being threatened by the importation of watch movements under this Swiss trade agreement. In fact, the threatened injury was tacitly recognized by the State Department itself when in 1946 the so-called "gentlemen's agreement" was

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entered into, limiting Swiss exports to the United States.

However, as much as I appreciate the problems facing the domestic watch industry, this amendment proposed by the distinguished senior Senator from Nebraska is not the best solution. It is not objectionable in purpose; the end result of having escape clauses in all trade agreements is to be desired. But we should not try to accomplish this end by legislative mandate. This amendment is undesirable because it puts our negotiators in the position of being forced to get the escape clause into the agreement regardless of the price.

That is the very point the Senator from Georgia made yesterday. Once by mandate of the Congress of the United States we attempt to renegotiate, we shall have to pay a price greater than the escape clause would be worth. I said yesterday in my colloquy with the Senator from Nebraska, so long as an agreement is working and no one is complaining, it is a rather useless and futile gesture to compel the State Department by congressional action to enter into a new agreement solely for the purpose of placing therein an escape clause.

The negotiators of other countries, realizing this, will simply increase their demands. This is not the best method of protecting the interest of the United States.

This amendment is also objectionable because it would require changing the language of many agreements which already contain escape clauses. This amendment would require the insertion in all trade agreements of an escape clause which is worded differently from that now found in the General Agreement on Tariffs and Trade and in many other of our trade agreements. Certainly this is not the time to terminate all of these agreements just to change the wording of the escape clause.

Mr. President, there is a point beyond which we cannot go in making tariff concessions without injury to domestic industry. When that point is approached some protection is necessary. The most practical mechanism to gain this result consistent with the theory behind the reciprocal trade program is the escape-clause procedure. Where there are trade agreements which do not contain escape clauses every possible effort must be made to obtain the insertion of such a clause. However, this problem is more easily dealt with through the administrative machinery.

In other words, the State Department is the agency to negotiate and institute new trade agreements. If the amendment offered by the Senator from Nebraska should become law, it would be necessary for the State Department immediately to start negotiating with all countries with whom we do not have escape-clause agreements. The result would probably be, in the final analysis, no negotiation at all. I mean to say, before other governments would accept an escape clause, the price they would want would be so high the negotiations would be terminated. Those who seek protection, those who believe in a high protective tariff and feel that such a tariff is the only approach so far as our trade with other countries is concerned, are doing the thing best calculated to attain that end. In other words, if we break down or repudiate all our trade agreements, we destroy the reciprocal trade theory which we, on this side of the aisle, have advocated and in which we believe. Just as sure as this amendment is agreed to, it will be the beginning of the end of the reciprocal trade-agreement program.

This problem is more easily dealt with through the administrative machinery. It is abundantly clear that the only practicable method to reduce trade barriers and, at the same time, protect domestic industry, is by executive negotiation and not by congressional mandate.

Mr. President, certainly the method which has been followed in the past of having an interdepartmental group along with the Tariff Commission advise the President of the United States with respect to peril points, is the only proper way to handle the tariff situation. If this was good business 14 years ago, it is even more important today.

. . . . . .

Mr. WATKINS, Republican, Utah. Mr. President, the problem of a reasonable, balanced tariff or free trade has been discussed at great length in practically every session of Congress since the United States became an industrial empire. The current debate on

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House bill 1211 is no exception. The tariff question has become more complex as our domestic economy has grown and as the other nations of the world have needed not only more American goods, but have also needed the American market in order to make it possible for them to equalize their trade balances so that they could continue to buy American goods.

I recognize that the question of a high or low tariff or of free trade, as is strongly advocated by many State Department officials, is not the sole solution to this problem, but it certainly is a brick in the wall of our own economic welfare.

THE ADMINISTRATION

What I say today on the floor of the Senate may have little effect on any Senator's vote. I say that because the administration has refused to accept a compromise suggested by the Senate majority leader and has ordered an all-out fight on this problem. I am confident however, that our votes here today will have a great effect upon the economy of the large industrial empires of this nation and will be even more important to the small businesses which make up the backbone of our economic way of life. I also want to invite attention to the fact that the workingman is vitally concerned with the economic well-being of the industry or enterprise from which he draws his livelihood, whether it be the huge empire or the small service station on the corner.

In our deliberations on the matter of tariffs, we certainly should give an ear to what he is saying, to what he is feeling, and to what he stands to gain or to lose.

My correspondence has convinced me that the majority of the employees, as well as the majority of businessmen, in my state are vitally concerned about the tariff question. They are fearful that the administration, by granting loans and gifts via the Marshall Plan and other types of free-aid programs, has placed the foreign nations on an industrial basis very damaging to our own economy. By that I mean we have made it possible through the above-mentioned devices for foreign nations to secure the most efficient labor-saving machinery in existence. Labor conditions, especially wage levels, in foreign lands are very much below those of our American workmen. By placing this type of cheap labor on these efficient labor-saving machines, the foreign nations are able to produce goods at much less cost than can be done by our American industrial enterprises.

One of the first acts of the Democratic-controlled Congress in 1934 was the passage of the Trade Agreements Act, called by the administration supporters the Reciprocal Trade Act. The Senator from Nevada (Mr. MALONE), in his remarks, very aptly described how ridiculous it is to call this program the reciprocal trade program. He pointed out that far from being reciprocal it was a one-way proposition. If the administration and its supporters insist on calling it a reciprocal trade program I think it should be emphasized that the only reciprocity apparently is that the United States gives and the foreign countries take.

This law authorized the President to enter into trade agreements with foreign countries whenever it appeared that either foreign nations or the United States, who were desirous of mutual trade, had duties or import restrictions on any commodity or commodities that might burden or restrict foreign trade. This act was extended, with very little change, until 1945, when Congress granted the President further power to make tariff-rate adjustments, either up or down, provided such adjustments did not exceed 50 per cent of the tariff rate in effect in January, 1945. The Democratic administration, utilizing the powers granted by this act and amendments thereto, has constantly been reducing the tariff rates on the importation of goods into the United States until they are at the lowest point in the last 100 years of our foreign trade history.

During the same period, the cost of production of goods in United States industrial concerns has constantly been going up until today it is at an all-time high, mainly as a result of wage increases and favorable labor conditions, such as pension plans, insurance, vacations, and so forth.

Both the Senate and the House of Representatives recently passed bills designed to raise the minimum wage in interstate industries to 75 cents per hour. We have by these

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measures indicated our intent to establish a higher floor under wages in this country. I think I am safe in predicting that such a measure will become law.

After taking this step, which received the support of the Republicans, the administration proposes to do away with a vital safeguard designed to insure the continued operation of the very industries the American workman has been assured will pay him these increased wages. This certainly seems to me to be a case of working at cross purposes.

In addition to this, I think it appropriate to call to the attention of the working people of this country the fact that a fair tariff based on wage scale differentials and labor productivity in America as compared to the foreign status would be a boon to the foreign wage earners. Such a tariff, in addition, would afford adequate protection to our own laboring people.

In the absence of increasing the standards in these foreign countries, the Congress cannot afford to relax the safeguards to American standards of living, which, prior to the Democratic program of free trade instituted by the Trade Agreements Act of 1934, were at least an element in maintaining our high American standards of living.

It seems to be a peculiar situation, when the administration and its spokesmen are constantly advocating free trade, that in America —because of this program of continuous reduction of the protective device of a reasonable tariff—we are subsidizing farmers throughout the United States; we are considering subsidizing the mining industry; and undoubtedly many other industries will need a subsidy protection if the administration succeeds in its announced desire to have such a low tariff that it affords no protection. . . .

I wish to call special attention to the fact that in my state alone the following industries now receive a subsidy or are in such dire straits that without some financial assistance they may go to the wall: sugar beet industry; applegrowers, as well as many other fruit growers; the entire mining and smelting industry; the oil industry; sheep and wool industry; poultry and dairy industry; the entire farming industry.

This list includes practically the entire economic life of my state.

If such a thing should occur, as it has in the mining industry, many thousands of American wage earners would be on the breadlines.

Certainly the President and his advisers in the State Department, unless they have ulterior motives, can have no objection to reporting their reasons for failure to follow the United States Tariff Commission's recommendations. I think that such a report should be made regardless of the law, but when an organized campaign to defeat such a requirement is waged, as it has been waged, it constitutes a warning sign to the American people to insist upon the protection of the peril-point program.

OBJECTION

During the Republican Eightieth Congress, extensive hearings were held on the tariff problems. Out of these hearings two important fundamental principles were manifested.

First, high labor costs. Many American industries could not compete in this country on a free-trade-market basis with the extremely low-cost industries existing in foreign countries.

Second, the logical agency—in fact, the only agency—in the government competent enough to analyze and make recommendations regarding tariffs to the executive department, was the United States Tariff Commission. This Commission was established in 1916, and has been given more and more responsibility in the research field of tariffs by several acts of Congress, particularly in 1922 and 1930.

The hearings before the Senate and House committee this year on H. R. 1211 only re-emphasized these two principles. In the face of such re-emphasis, however, the administration proposes to junk this logical safeguard to American economy.

I do not want to go back to the log-rolling days of Congress making the tariff rates. On the other hand, I do feel very strongly that the President or his advisors in the State Department should not be given an absolutely free hand in the establishment of tariff rates

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which certainly affect our American economy without some checkrein. The Republican Eightieth Congress, recognizing the necessity for a checkrein on the executive department, provided for the peril-point program. This peril-point program did not take away any of the former powers granted to the executive by the President. It was designed for one purpose and one purpose only—to protect American industries, labor, agriculture, and the housewife from destructive low-cost foreign competition.

It is not to be forgotten that the tariff problem is a congressional one, under the Constitution. The Congress has delegated some of this responsibility to the executive, but by this device they certainly cannot escape the prime responsibility that rests with them. For the benefit of the people of this nation, especially my constituents who have written in so voluminously on this problem, I wish in easy-to-understand language to explain the peril-point program:

> The President will notify the Tariff Commission of articles that might be affected by tariff agreement. The Tariff Commission must hold hearings and report its findings to the President. The findings would specify how low a tariff rate could be established without injuring American workers and producers. The Commission also should report instances where increased tariff protection should be established to protect home industry against foreign competition.
>
> The President, under the act, must find that existing restrictions are burdening foreign trade and that purposes of the law will be carried out by the agreement.
>
> If the President purposes to enter into an agreement with foreign countries which will fix rates below these found by the Tariff Commission to be advisable from a standpoint of protection to American producers, he must send a copy of such agreement to Congress setting out each article on which he did not follow the advice of the Commission and give the reasons for his failure to follow such findings. However, the President is not prohibited from making any agreement he deems necessary.
>
> He has a free hand to make any agreement. The only requirement is that he must either follow the peril points of the Commission or report his reason for not doing so to the Congress.
>
> The safeguard for American producers has not yet had a chance to work for the protection of our standards of living. The administration just concluded negotiating with 13 nations on a trade agreement which will further affect American producers by revising the tariff rates.
>
> A repeal of the protection to American producers affected by the peril-point system will give the State Department a free hand in these negotiations. It is expected that further reductions in our tariff rates will be granted.

The president and other administration spokesmen have constantly asserted that they do not intend to make any trade agreements which will jeopardize American producers, yet the facts show quite the contrary.

Other speakers during this debate have mentioned some of the American industries which have been severely crippled because of foreign importations of cheaper products. There is hardly an industry existing in our western states which could survive under a free-trade concept. If the President and his spokesmen are sincere in their protestations that they do not intend to cripple American business and put American labor on the bread lines, they certainly can have no objection to the salutary plan of following the peril-point program as established by the Republican Eightieth Congress.

According to all the information I have been able to gather, all segments of our American economy favor the retention of the peril-point provision in our tariff laws. H. R. 1211 proposes to delete this provision. The amendment of the Senator from Colorado [Mr. MILLIKIN] would include as part of the extension of the Trade Agreements Act as proposed in H. R. 1211 a continuation of the peril-point revisions. I intend to vote for the Millikin amendment for the reasons I have expressed, and for the additional reason that my constituents have strongly reported to me the need for the retention of this program, and my research has confirmed the necessity for it. Because I oppose economic dictatorship without any form of accounting to the people, I shall vote against H. R. 1211 unless the Millikin amendment is approved.

At this time I renew my plea for an appraisal of our entire foreign commitments as they affect our domestic economy. Thus far

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not only the Congress, but the people, have been taken into the confidence of the administration on a piece-meal basis. The Democratic administration should make a report to Congress and the people of its stewardship in the foreign-relations program. Until such an over-all approach is forthcoming, we should not continually pull the supports from our own economy, but we must maintain our position so that we will remain so strong that we will remain impregnable from foreign attack, and will be in a position to help those who are less fortunate than ourselves. This we certainly cannot do if we continually jeopardize our domestic economy.

. . . . . .

Mr. GRAHAM, Democrat, North Carolina.

. . . . . .

The negotiation of reciprocal trade agreements has been the approved policy of the United States for a decade and a half. The American people and their representatives in the Congress, on the basis of the value of these agreements, appear to be strongly for reciprocal trade agreements among the nations as a sound and dynamic national and international policy. The House of Representatives, by its recent action, eliminated the peril-point provision contained in the act of 1948 and thereby would restore the act as substantially in effect since 1934. The Senate Finance Committee, under the leadership of its able chairman, the Senator from Georgia, has reported favorably the bill which is the same bill recently passed by the House.

. . . . . .

The high tariff policy of the Smoot-Hawley period, with the consequent destructive retaliatory tariffs against American trade, contributed to the great depression after the First World War. The high tariff wall kept out imports, prevented exports and thus prevented exchange of goods, which is the real purpose and substance of commerce. The high tariffs thus glutted the market on both sides of the wall. The reciprocal trade agreement policy was one of the ways out of that depression and can be one of the ways leading away from economic disaster in this crucial period.

With all the values of the reciprocal trade agreements, it has been the policy to safeguard any American industry against real injury or the threat of such injury. Under the provisions of the bill the members of the Interdepartmental Committee and the members of the Interdepartment Reciprocity Information Committee and the President himself, by his own express declarations, are charged with the responsibility to protect an American industry against any serious injury or threat of injury. In case any reciprocal trade agreement should be found to injure or threaten to injure an American industry, the President is charged with the duty to give such an industry an escape from such an injury. The reciprocal trade agreements have energized more dynamic currents of trade which have served in total effect not to injure but to improve, not to tear down, but to build up American industry all over the country.

The Interdepartmental Committee, in accordance with the terms of the present bill and in line with former policy, will be composed of representatives of the Departments of Agriculture, Commerce, Labor, the Treasury, the State Department, the Department of Defense, the E.C.A., and the Tariff Commission. Every substantial interest is thus represented and will be given a hearing by the Committee. The Tariff Commissioner, with his special knowledge and high responsibility, will participate from the beginning through all the proceedings and will have a part and a vote in the determination of the terms of any agreement. The Tariff Commission's staff, with their vast knowledge, experience, and skills, take a direct part in the negotiations. It is significantly important that the Tariff Commissioner and expert staff are in the negotiations on the ground floor and all the way through. These experts sit in with the other members of the Interdepartmental Committee who have the responsibility to take full account of this expert knowledge and experience, along with their responsibility to take into account the interests of agriculture and industry in the total American economy, the value to American industry and agriculture of expanding American trade in the markets of the world, and the relation and values of

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the world economy to American agriculture and industries.

The procedures provided in the peril-point amendment eliminate the Tariff Commissioner as a member of the Interdepartmental Committee and thus weaken the committee by depriving the committee of the value-judgments and accumulated experience and wisdom of the Commissioner in the basic negotiations. The peril-point amendment causes duplication of work, procedures, and costs in the preparation for the negotiations. Interested parties would have to make their statements and cases both to the Interdepartmental Committee and the Tariff Commission.

Furthermore, under the peril-point amendment, the Tariff Commission is necessarily limited in its approach and in its determination of peril point. By the very nature of the prescribed situation, the Tariff Commission will be overcautious in its findings and recommendations and the President will be under the constraint of these overcautious findings and recommendations.

The Interdepartmental Committee, under the Senate Committee's bill, has the responsibility and freedom of taking into account all the factors involved in strengthening the national economy as a whole, in expanding markets for the output of American farm and factories, and of building up the world economy as essential to the larger production and prosperity of the American people.

The Interdepartmental Committee with a member of the Tariff Commission fully participating, is enjoined, before an agreement is made, to be on the alert against injury or the threat of injury to an American industry. After an agreement is made, an industry itself may initiate, on its own account, and the Tariff Commission, as part of its responsibility, has the duty to initiate proceedings for the President to provide an escape to an industry which has suffered injury or is threatened with injury. In case of a failure to provide for a justified escape, a more vigorous case should be made for escape and we should not resort to amendments which might imperil the program. America, as the leader and creditor of the free nations, must not only be a protector of the smallest American industry against unfair injury, but must also help build up the health and strength of the whole national economy as a part of a strong world economy. If America collapses, all the free nations crash in ruins. If the free world collapses, America, too, collapses in the general ruins of the world.

The peril-point amendment requires procedures which will not facilitate, but rather may militate against the negotiations of reciprocal trade agreements by eliminating the Tariff Commissioner from the Interdepartmental Committee, by confining the responsibilities of the Tariff Commission within narrower limits, and by weakening the bargaining position of the Interdepartmental Committee. These restrictions may undermine the foundations of real negotiations and make less probable the achievement of reciprocal trade agreements.

Reciprocal trade agreements, by increasing both exports and imports among the nations, strengthen the economic basis of the interdependence of the nations and strengthen the necessity of peace in the world. The reduction of tariffs and the lowering of trade barriers short of the peril point, will result in the larger flow of the freer and more dynamic streams of trade across the national boundaries into the great ocean of world trade upon whose mighty currents somewhat depend both a more stable and more productive world economy with all its potential meaning to freedom and security against the monstrous menace of both Fascist and Communist dictatorships in our present world.

. . . . . .

Mr. MYERS, Democrat, Pennsylvania. Mr. President, I think the present session of the Congress has demonstrated conclusively, through its passage of the Economic Cooperation Act and the foreign aid appropriation, that the Congress itself recognizes and the people of our country realize that the United States cannot and must not evade our responsibility as the prime mover toward world economic security. The issue is no longer one of isolationism versus international cooperation. Isolationism, as an issue, is defunct. It has gone out of style and, like last year's fashions, now looks a little silly.

It has been replaced by a foreign policy

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which, I am happy to say, is really a bipartisan foreign policy. It is a foreign policy which has as its tenet the belief in and the striving to achieve a decent world in which all men can live and act and think in freedom.

We are attempting to lay the groundwork for this kind of a world. But it would be waste effort to build with one hand if, at the same time, we are intent on destruction with the other. It would be futile to give financial assistance to help rebuild economically depressed areas abroad and then erect trade barriers designed to hamstring these same countries in their efforts to rehabilitate their own economic lives.

AMENDMENTS

Our reciprocal trade agreements are part of the solid foundation, but the so-called peril-point amendments are a lingering vestige of an outdated protectionist attitude.

The Pittsburgh Post-Gazette, in a pertinent editorial on this point, stated:

> As the Canadian delegate to the Washington talks properly observed, the United States has to face the fact that it is virtually the sole creditor nation in the world and that it is the only one of any size that enjoys complete freedom of action in international economic affairs.
>
> Now, unless this country permits other nations, especially its allies in western Europe, to sell more of their products here on a fair basis, it can have no safe respite from the doles and vast relief projects which it has had to support since the war. Furthermore, America, the world's biggest creditor, has the power to shape the future course of world trade. And if that course is to be away from the restrictive and bilateral practices of the past, this nation will have to set the example.
>
> We urge the Senate to approve the two-year extension of the Reciprocal Trade Agreements Act, as voted by the House seven months ago, and to do so without the peril points or any other destructive amendment.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the entire editorial from *The Pittsburgh Post-Gazette* of September 10, 1949, on this subject.

There being no objection, the editorial was ordered to be printed in the RECORD.

THOSE PERIL POINTS

It is appropriate that the Senate has begun to debate the reciprocal trade-agreements bill at a time when American, British, and Canadian officials are exploring Britain's dollar crisis. For, to one extent, that crisis reflects a reluctance of the United States to open its markets more freely to foreign producers.

Typical of that reluctance is the effort of Republican leaders in the Senate to write a peril-point provision into the new trade law. As in the measure passed by the Eightieth Congress, which expired last June 30, this would hobble the President's rate-making power in concluding trade pacts with other nations. The Tariff Commission would have to advise the President when duty concessions abroad reached a point at which a particular domestic industry was being damaged. And, though the President could go ahead with rate reductions, he would have to explain to Congress just why he took such action.

This procedure would tend to make the Tariff Commission increasingly cautious, and would encourage affected pressure groups to put more heat on Congress. Carried to a logical end, it could limit imports to that narrow field of essentially noncompetitive goods.

The peril-points amendment is part and parcel of a remaining protectionist attitude that this country, which has long since come of international age, must shake off. As the Canadian delegate to the Washington talks properly observed, the United States has to face the fact that it is virtually the sole creditor nation in the world and that it is the only one of any size that enjoys complete freedom of action in international economic affairs.

Now unless this country permits other nations, especially its allies in western Europe, to sell more of their products here on a fair basis, it can have no safe respite from the doles and vast relief projects which it has had to support since the war. Furthermore, America, the world's biggest creditor, has the power to shape the future course of world trade. And if that course is to be away from the restrictive and bilateral practices of the past, this nation will have to set the example.

We urge the Senate to approve the two-year extension of the Reciprocal Trade Agreements Act, as voted by the House seven months ago, and to do so without the peril points or any other destructive amendment.

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Mr. MYERS. Aside from the obviously deleterious effect on our foreign policy, the so-called peril-point provision is both unnecessary and cumbersome from an administrative standpoint. Moreover, it is uneconomical and wasteful. It is time-consuming and duplicates work done elsewhere in the trade-agreements organization, and it requires interested members of the public to appear at two sets of hearings.

The amendment would require the Tariff Commission to predict for years in advance the precise effect of a cut in the tariff rate. Since it would be practically impossible for the Tariff Commission to achieve any measure of scientific accuracy in a prediction of this nature, the inevitable result would be a far more cautious and protectionist attitude than we could expect otherwise.

Although it is perfectly true that the President could legally disregard the findings of the Tariff Commission, it is extremely unlikely that he would do so. In other words, what would actually happen would be that overcautious limits established by the Commission on the basis of necessarily inexact long-range predictions would control the negotiations of an entire agreement. The net result would be that the interests of millions of consumers and of exporting industries, as well as of industries using imported materials, would be protected not against actual injury, but against what the Tariff Commission might consider a threatened injury in years to come.

Furthermore, I am convinced that the general-escape clause written into every agreement negotiated in the last six years, as well as into the general agreement, and which will certainly be in every future agreement, renders the peril-point system superfluous. The escape clause states clearly that if a tariff cut is made and if, as a result of unforeseen circumstances, imports enter this country in such quantities or such conditions as to cause or threaten to cause serious injury to our domestic producers, the concession may be modified or withdrawn.

As a matter of fact, in cases of emergency, this action can be taken immediately without even having to obtain the consent of the other country. This is a far more reasonable and workable method because it operates when an injury to domestic producers is an actual fact or is about to become an actual fact rather than when it may become a threat many years ahead.

Still another factor makes the peril-point system unnecessary. Under the old procedure, if any member of the Trade Agreement Committee, including the Tariff Commission member, disagrees with the majority decision he is required to report his dissent to the President, together with the reasons for his dissent. Thus, in practice, the President does have the benefit of what might be considered a peril-point finding in any case where there might be a reasonable doubt.

Mr. President, I have no desire to belabor this point. I feel sure that the implications of this amendment are well understood by all members of the Senate. However, I want to take just one minute longer to point out the recent change in attitude of American industry on the tariff question, as represented by the National Association of Manufacturers. The shift is revealed in a report just issued by the N.A.M. which calls for a great expansion of the American market for foreign goods. Mr. Lowell Mellett, in his column in Tuesday night's *Washington Star*, discusses this report at some length. In commenting on the foreword to the report by Mr. Curtis E. Calder, chairman of the N.A.M.'s international relations committee, he says:

> What is it Mr. Calder commends? It is the proposition that in our own best interest we should work toward a reversal of our present position in foreign trade; that we should develop a situation in which we would buy more from abroad than we sell; that instead of an excess of exports there should be an excess of imports. While supporting a vigorous foreign-investment program, the report says this will not be enough to correct the unbalanced world conditions, with its dangerous repercussions in our own country.
>
> "The time must come," says the report, "when we shall receive more dollars from old investments than we make available in the form of new loans. From then on we shall not only have to accept imports equal to exports; we shall, in addition, have to develop an import surplus. The necessity of developing an import surplus is inherent in our position as a creditor nation."

Mr. President, I ask unanimous consent to

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insert Mr. Mellett's column at this point in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

INDUSTRY'S TARIFF VIEWS CHANGE; POLITICAL SPOKESMEN LAG BEHIND

(By Lowell Mellett)

The British financial mission, if it has time and opportunity to extend its explorations beyond government circles, may find a cause for encouragement in America that it has not anticipated. It could find this in the realm of big business, which of necessity seems to be learning the interdependence of American and world prosperity.

The National Association of Manufacturers has just issued a report which calls for a great expansion of the American market for foreign goods. The report was prepared by the Fletcher School of Law and Diplomacy of Tufts College, at the request of N.A.M. In a foreword, Curtis E. Calder, chairman of N.A.M.'s international relations committee, says:

"I commend this document to the careful attention of our members; to all those who may be unaware of the interdependence of international and domestic economic well-being and to all those who are in position to determine or influence policy in the field of international economic relations."

OUR OWN BEST INTEREST

What is it Mr. Calder commends? It is the proposition that in our own best interest, we should work toward a reversal of our present position in foreign trade; that we should develop a situation in which we would buy more from abroad than we sell; that instead of an excess of exports there should be an excess of imports. While supporting a vigorous foreign investment program, the report says this will not be enough to correct the unbalanced world conditions, with its dangerous repercussions in our own country.

"The time must come," says the report, "when we shall receive more dollars from old investments than we make available in the form of new loans. From then on we shall not only have to accept imports equal to exports; we shall in addition have to develop an import surplus. The necessity of developing an import surplus is inherent in our position as a creditor nation."

This change of attitude on the part of American industry, as represented by N.A.M., may be catching industry's political representatives somewhat unprepared. The Republican leaders in the Senate have made a party issue of a proposed amendment to the Reciprocal Trade Agreements Act which appears calculated to greatly increase the difficulties in the negotiation of such agreements. They disclaim any purpose of that nature, of course.

PERIL-POINT AMENDMENT

"We are not asking for a return to congressional logrolling," said Senator MILLIKIN, of Colorado, ranking Republican member of the Senate Finance Committee, in the course of a three-hour speech.

"We are not asking for a return to high protectionism.

"We do not advocate economic isolationism."

He was joined by Senator VANDENBERG and others on the Republican side in his contention that his peril-point stipulation would not cause the slightest warranted alarm or objection as to our trade intentions or foreign policies.

Senator GEORGE, chairman of the Finance Committee, disagreed.

"The peril-point amendment," he said, "puts us more or less at a disadvantage in trying to negotiate trade agreements with foreign countries, because a limit is fixed beyond which the President is not to go unless he elects to do so, and brings before Congress not only that particular rate but all the rates dealt with in the trade agreement—whether a specific agreement or a general agreement."

Indications are that the administration will win in this Senate battle. It may be that the Republicans accept this result in advance, but still feel there is political benefit to be obtained in some congressional districts by making the fight at this stage.

Mr. MYERS. Let me repeat what Mr. Calder says:

> The necessity of developing an import surplus is inherent in our position as a creditor nation.

Mr. President, I think it is more important than that. I think the necessity of developing an import surplus is inherent in world peace. If we are to keep the nations of western Europe—indeed, of all the world—at peace, we must develop such an import surplus, and we must remember that at long last America has become the leader of the world. That leadership requires that we assume obligations and realize that we have such obligations as the leader of the world for permanent peace and

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the leader of the world for economic security throughout the entire globe.

Mr. MILLIKIN, Republican, Colorado. Mr. President, I yield to the Senator from Michigan [Mr. VANDENBERG] six minutes, or such time as he may require.

Mr. VANDENBERG, Republican, Michigan. Mr. President, first, I wish to identify the background against which I speak. I voted against the original Reciprocal Trade Agreements Act in 1934. Since then times have changed. I have voted, I believe, for all extensions. I hope to be able to vote for the extension today. But I am completely unable to comprehend the efforts of the opposition to the pending Millikin amendment to blow it up to the magnitude of an ominous threat to the vitality of the entire Trade Agreements Act. In my opinion it is no threat at all. To the contrary, in my view it sympathetically strengthens the Trade Agreements Act by giving it the new friends which it needs, without weakening the act's announced and professed objectives.

The Millikin Amendment simplifies the process of preventing major damage to the domestic economy; and no opponent of the Millikin amendment will for a moment admit that he intends major damage to the domestic economy. It is well calculated to obviate recourse to the escape clause which serves precisely the same principle but which is far more difficult of administration. I repeat, it is no threat—unless timely publicity is a threat to the democratic process.

The Millikin amendment is not even a red traffic light. It does not say "stop." It is only the amber light which says—"Stop long enough to look." It would not occur to me that amber lights should frighten anybody—unless, of course, it be someone who is in a dangerous hurry to get somewhere regardless of other people's rights on the road or his own safety.

From my viewpoint, Mr. President, the problem presented by the pending Millikin amendment is so simple and so clear that I can state my view in half a dozen paragraphs.

The administration spokesmen for the ex-sion of the Reciprocal Trade Agreements Act frankly acknowledge that there is a peril point beyond which tariff reductions should not go under this process. They admit it by sponsoring the retention of the so-called escape clause which promises to protect any peril point which develops after a reciprocal trade agreement is negotiated. Therefore the necessity of recognizing peril points is not in issue. It is an acknowledged fact. This acknowledgement precludes and terminates any legitimate argument that the recognition of peril points nullifies the objectives of the Reciprocal Trade Agreements Act, or collides with its asserted objectives which do not include a purpose to ruin any segment of the American economy.

Therefore, the only possible point in real issue in connection with the pending Millikin amendment is whether peril points should be tentatively identified in advance of the negotiation of a trade agreement for the advisory guidance of the American negotiators.

ISSUES

This issue then breaks down into two concrete but very simple questions.

First. It is asserted by the critics of the Millikin amendment that peril points cannot be conclusively identified by the Tariff Commission in advance, and that considerations of general public policy may, in given instances, outweigh the importance of Tariff Commission mathematics. The Millikin amendment completely answers this objection by recognizing it and by permitting the President to ignore the peril points set by the Tariff Commission if, upon his responsibility, he deems it to be in the public interest. The only requirement is that he shall tell us why. It certainly is not my concept of the Reciprocal Trade Agreements Act that this little, "teeny, weeny" bit of candor, in the transaction of the public business will ruin the act.

Second. It is asserted by the critics of the Millikin amendment, with its preview of peril points, that it threatens the act with dangerous administrative burdens. Yet these same critics support the escape clause which I agree is finally essential, but which, if invoked, would require the complete renegotiation of a trade agreement in all its aspects.

The PRESIDING OFFICER. The six minutes allotted to the Senator from Michigan have expired.

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Mr. VANDENBERG. Will the Senator from Colorado yield one more minute to me?

Mr. MILLIKIN. I yield to the Senator from Michigan as much more of the time allotted to our side as he wishes to have.

Mr. VANDENBERG. I thank the Senator.

Mr. President, these critics accept the hazard of complete renegotiation. Yet they balk at the simplicity of a preliminary peril-point procedure which is calculated to avoid the infinitely greater hazards of the escape clause and its infinitely heavier impacts.

Therefore, Mr. President, I respectfully submit that since the administration sponsors of the pending extension of the Reciprocal Trade Act admit the necessity of protection against peril points, and since the process proposed by the pending amendment is the simplest way to do so, the Senate will be well advised to strengthen the equities and the general acceptance of the reciprocal trade idea by adopting the Millikin amendment.

Mr. MILLIKIN. Mr. President, the junior Senator from Colorado will yield to himself the remainder of the time allotted to his side.

The PRESIDING OFFICER. The junior Senator from Colorado is recognized.

Mr. MILLIKIN. Mr. President, I suggest the absence of a quorum, with the understanding that the time required for the quorum call will be taken from the time allotted to me.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that my suggestion of the absence of a quorum may be withdrawn and that the order for the call of the roll may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, let me inquire how much time I have remaining?

The PRESIDING OFFICER. The Senator has remaining 44 minutes of the original 47.

Mr. MILLIKIN. I thank the Chair.

Mr. President, the theme has been reiterated several times today—the last time by the Senator from Pennsylvania [Mr. MYERS]—that we have become a world power and that as such we must assume appropriate obligations. I doubt whether anyone would differ with the principle. I think it more or less turns on what we regard as appropriate obligations. We can accept all our responsibility as a world leader and we can maintain that obligation so long as we keep ourselves strong. But in assuming that obligation we do not assume the obligation to destroy our pay rolls and our industries, because, as has been pointed out in the course of this debate, when we do that we shall cease to be a world leader, and we shall have no one to whom we may pass the tin cup.

It has been said by the Senator from Pennsylvania that import surplus is inherent as a part of our being a creditor nation. I have always thought our ideal was to achieve a balanced position in our external trade. The import-surplus business, stripped of all fancy verbiage, means we must make ourselves the dumping ground of the world. It ties in with the theory of Lord Keynes, which he expounded to Parliament when the monetary fund was under discussion on May 23, 1944. In the course of his remarks Lord Keynes said:

> There is another advantage to which I would draw your lordships' special attention. A proper share of responsibility for maintaining equilibrium in the balance of international payments is squarely placed on the creditor countries. This is one of the major improvements in the new plan. The Americans, who are the most likely to be affected by this, have, of their own free will and honest purpose, offered us a far-reaching formula of protection against a recurrence of the main cause of deflation during the inter-war years, namely, the draining of reserves out of the rest of the world to pay a country which was obstinately lending and exporting on a scale immensely greater than it was lending and importing.

I interpolate to say there is very little obstinacy about our exporting. The exporting we are doing is at the request of foreign countries, and we are paying the bill by loans, by credit, or by sheer give-away. Lord Keynes was talking about the monetary fund. I shall connect it up in a moment. I continue the quotation:

> Under clause VI of the plan a country engages itself, in effect, to prevent such a situation from arising again, by promising, should

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> it fail, to release other countries from any obligation to take its exports, or, if taken, to pay for them. I cannot imagine that this sanction would ever be allowed to come into effect. If by no other means, than by lending, the creditor country will always have to find a way to square the account on imperative grounds of its own self-interest.

That is the real explanation and the origin of the new theory which has been drummed into our ears that we must always have a surplus of imports over our exports.

It has been echoed in article XII of G.A.T.T.—and by "G.A.T.T." I am referring to the Geneva multilateral trade agreement—the following appears:

> 5. If there is a persistent and widespread application of import restrictions under this article, indicating the existence of a general disequilibrium which is restricting international trade, the contracting parties shall initiate discussions to consider whether other measures might be taken, either by those contracting parties whose balances of payments are under pressure or by those whose balances of payments are tending to be exceptionally favorable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the contracting parties, contracting parties shall participate in such discussions.

This provision of G.A.T.T. is not authorized by the Reciprocal Trade Agreements Act and it has not been otherwise authorized by Congress.

The Senator from Pennsylvania said the implications of the peril-point amendment are well known. Yes; by this time I believe they are well known. We have had repeated assurances by President Roosevelt and by President Truman that they would adhere to the peril points and would see that our domestic industry, the pay rolls of our wage earners, would be safeguarded. Their followers like to talk about it, but when it comes time to acting on it, they put on the blinkers and do not want even a reminder of it.

The Senator from North Carolina [Mr. GRAHAM] said the peril-point procedure weakens the Interdepartmental Committee, because it deprives the committee of the help of the Tariff Commission. I do not like to disagree with the distinguished Senator on a simple point of fact. The Trade Agreements Extension Act of 1948 requires the Tariff Commission to give its assistance, to open its facts to the Interdepartmental Committee, to the President, to the Congress, to all interested official agencies.

The Senator from North Carolina paid a very eloquent compliment to Britain, and in his compliment to Britain I can heartily join; but if by it the Senator meant we must assume the self-created infirmities of Great Britain, then we are in sharp disagreement. Great Britain has adopted policies which oppose private capitalism. Great Britain has by deliberate action destroyed the sources of venture capital. She has destroyed by deliberate governmental action those incentives by which, through the great talents of her people, her bankers, her traders, her shippers, insurance men, and her technicians, she could efficiently utilize and market her still great remaining sources.

BRITAIN

We now have to work with the world as we find it; we have to cooperate with the world as it is; but we cannot take on our backs and make our own responsibility the results of the political and economic mistakes of Britain or of any other nation. It will be a fatal day for this nation whenever we make it a matter of policy that we shall assume and bail out the results of the self-destructive policies of other nations. We simply do not have the strength to do it.

The distinguished Senator from Illinois [Mr. LUCAS], the majority leader, said the escape clause is a sufficient remedy for injuries to American industries. Yet in the next breath the distinguished Senator pointed out in detail the injuries which have occurred to the watchmakers in this country. He pointed out that the State Department had done nothing to remedy that situation, which confessedly involves serious injury. It has been suggested that the distinguished chairman of the Senate Finance Committee give his attention to the subject. I hope he will, and I hope the distinguished majority leader will. But for years attention has been given to the subject in an effort to stir the State Department into action, and nothing has happened.

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During recent hearings before the Senate Finance Committee, on page 845, the junior Senator from Colorado, in referring to the watchmaking business, asked Mr. Brown, of the State Department:

> Senator MILLIKIN. * * * Are you attempting to cure this situation with any kind of negotiations at the present time?
>
> Mr. BROWN. I would prefer to state we are taking every step that we can, and will continue to do so to get the escape clause in every trade agreement which we do not have.
>
> Senator MILLIKIN. I am not talking about the escape clause.

I interpolate that there is no escape clause in the trade agreement with Switzerland. It must be done by diplomatic means.

> I am talking about making a further agreement with Switzerland to bring their exports under some sort of an allocation.
>
> Mr. BROWN. No, sir. We are not.
>
> Senator MILLIKIN. Have you any intention of doing so?
>
> Mr. BROWN. Not at the present time.

The same record which convinces the distinguished majority leader that the watchmaking industry, in which his state has a special interest, has been injured also demonstrates serious injury to the oil, the fur, and to other industries, or a threat of that kind of injury. Yet the distinguished Senator would refer them either to nonexistent escape clauses or nonexistent State Department activity or to escape clauses which have not been invoked. No escape clause has ever been invoked, despite the fact that there are 4,000,000 unemployed persons and probably twice that many part time workers.

The distinguished majority leader pointed out the importance of exports and referred to what he termed the dollar famine. I am absolutely dumbfounded at the fact that we have allowed those who want to make excessive drafts on our dollars to pin on the United States the responsibility for a dollar famine. No one but a complete chucklehead would deny the importance of exports. Of course they are important; they are vital to a considerable part of our economy. But we should not forget that all of those who export are a part of this economy; they have their roots in this economy. They cannot continue to thrive in a destroyed economy here at home. But when we talk about the importance of exports we must necessarily bring them into relation with the trade agreements system. The system was established to increase our exports, and yet it has been repeatedly testified that, despite the fact that we have surrendered much of our bargaining power, we have delivered our part of the *quid pro quo*, there are more restrictions on trade today than the world has ever before known. They consist of bilateral agreements, preferences, quotas, import licenses, exchange restrictions, statism, state monopolies. Take the "give-away," the dubious loan, and the grants of credit out of our financing of exports, and it will be found that every market in the world has high hurdles against our exports and that whether we can get into those markets will depend on the decisions of those who maintain the restrictions which I have mentioned.

RETALIATION

The Senator from Illinois suggested that the peril-point provision would lead to retaliation. From which country? Which country has not repaid our concessions by imposing hurdles to trade? How are they going to retaliate more than they have already retaliated? What ingenuity, what imagination, can conceive of hurdles which have not already been imposed? Or, if you wish to put it this way: Who ever heard of anyone retaliating against the honeypot?

The distinguished Senator from Illinois said that if we had the peril-point procedure there would be powerful political pressures on the President. Well, if the President wishes to disregard a report of his Interdepartmental Committee, as he has the right to do, and he makes a mistake, he gets criticized. If the President wishes to disregard a peril point, and makes a mistake, he gets criticized. Why should he not be criticized? This debate has unmasked the fact, in its naked simplicity, that the objection to the peril-point procedure is in two directions: One, the promise to safeguard is not kept. The hearings and the debate show that to be so. Two, the President shall be shielded against criticism for exceeding peril points.

There may be good reasons for exceeding

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a peril point. As I have said before, the White House is the finest sounding-board in all the world, and if the President exceeds a peril point and can justify it, the people will laud him. If he exceeds a peril point and cannot justify it, he deserves criticism.

What is this new development in our theory of government, that the President of the United States, or any public official, shall be immune from criticism? That is what this opposition amounts to. That is why this bill contains a retroactive repeal of the peril-point procedure. It is apparently feared that the peril points have been exceeded at Annecy, and those in control do not want to tell the people and they do not want to tell the Congress. We found out in the hearings that they will not even tell the Congress, which delegated this trade power to them, how they have discharged their duties. They refuse to account. They refuse to let the Senate Finance Committee see the minutes of the meetings of the Interdepartmental Committee. The Constitution puts the sole and exclusive tariff-making power in the Congress of the United States. We have delegated it to a servant, and the servant has become more powerful than the master and insolently refuses to make an accounting.

The Senator from Illinois and other Senators have said that the peril point opposes the Roosevelt program. If the peril point opposes the Roosevelt program or the Truman program it can only mean that Presidents Truman and Roosevelt were not sincere when they promised to safeguard domestic industry. They promised that again and again.

The Senator from Illinois says there is danger in a bipartisan Tariff Commission. Would there not be more danger in a Tariff Commission which was not bipartisan? We may indeed be happy for at least that part of the protection the American people can get from the Tariff Commission.

The Senator from Illinois seems to think there is danger that because of the bipartisan feature of the Tariff Commission agreement could not be reached. They had 409 articles on which to recommend peril points in connection with the Annecy conference, and they made 409 recommendations and agreed unanimously in more than 90 per cent of the cases. That also has relevant bearing on whether it is possible to reach a peril point. Of course, if it is not possible to reach a peril point, it is not possible to reach any kind of a point, because every agreement comes down to a point. If a point can be reached within the range of danger, one can be reached at the beginning of it.

The distinguished majority leader said that the peril-point procedure does not mean anything because the President may disregard the peril point. It argues against leaving any discretion with the President. How can the President perform his duty if he is not allowed to retain his own discretion?

Mr. President, that is what the pending amendment does; it enables the President to exercise his discretion intelligently. Before this procedure was adopted there was no one on the Interdepartmental Committee who gave special attention to safeguarding the interests of the domestic producer.

The Senator from North Carolina [Mr. GRAHAM] was disturbed about the dislocation of the relationships between the Tariff Commission and the Interdepartmental Committee. The Tariff Commission, as the testimony shows, never was represented on the Interdepartmental Committee. The testimony of the two Commissioners was to the effect that they had never been consulted, they had never been called upon to formulate a policy for transmission to the Interdepartmental Committee.

The distinguished Senator from Illinois, the majority leader, said "We shall not falter in our cooperation with foreign nations." No, we shall not falter, unless we strip ourselves of the power to cooperate, and when we adopt the policy which says, "We will pay no attention to the point at which we commence to injure our domestic economy," then we are abdicating our power of cooperation. We will never get anywhere leading out of weakness.

The distinguished Senator from Illinois said that the impact of the peril-point procedure on our international relationships, and on Western democracies, would be a dangerous thing. What is that impact? What are we telling those nations? We are not telling them anything that is new to them. Every one of them safeguards its own interest. They not

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only safeguard it in tariff rates, but they pile up additional safeguards, they pile up their bilateral agreements, they pile up their preferences, they pile up their import controls, they pile up their financial controls, one on top of the other, in order to protect themselves.

The Annecy Conference was called when the peril-point provision was in the law. No invited nation refused to participate, and no harm has been done unless peril points have been exceeded, and in due course we will find out about that. The condition of our economy will inform us. The peril-point procedure is simply a working affirmation, a procedure to back up the affirmation, of what was intended in our reciprocal-trade system.

I have documented the facts. President Roosevelt in asking for the Reciprocal Trade Agreements Act said that we must safeguard our domestic industry. In asking for extensions of it he said the same thing. President Truman has said the same thing. And today we are going to have many votes recorded for the proposition that it is all right to say it, it is all right to say we will do it when we want something, but when it comes time to express it in action, we do not want to do it, we want to pursue calculated risks instead of calculated safeguards. We do not even wish to be reminded of the pledges. The whole tenor of the hearings was to that effect.

The distinguished majority leader says that the peril-point procedure is a retreat from the reciprocal-trade system, and that it is protectionist in nature. If it is a retreat from the reciprocal-trade system, then it is a retreat from the assurances and promises on which that system was based. If it is high protectionism, then it is the high protectionism of President Roosevelt and President Truman.

Mr. President, what is it that we are trying to do? We are asking the Tariff Commission, the most expert tariff body in the United States, to use its best judgment as to the points beyond which we cannot make concessions without seriously injuring the domestic producer, or threatening him with serious injury. They send their recommendations to the President. The President has before him the recommendations of the Interdepartmental Committee. All the facts before the Tariff Commission have been available to the Interdepartmental Committee. It is up to the President to make a decision. He can throw the recommendations of the Interdepartmental Committee into the waste basket, he can make his own recommendation. He can do that with the peril-point recommendations of the Tariff Commission. If he does it with the peril points, and an agreement is made exceeding the peril points, he tells the Congress and the people why he did it. That is all there is to that, and that is all we are asking.

This procedure was proposed as a bridge to cross a deep chasm between those who believe that reciprocal trade has been improperly handled and those who believe that it is impeccable and beyond all criticism. It was the hope that something of this kind could relieve the objections and keep the Congress in harmony on this subject. But we have met with bitter opposition last year and this year. The defeat of the peril point is a major White House policy. Why? It can only be that the peril-point procedure puts curbs on those who make our tariff policies which they cannot tolerate.

CONCESSIONS

What is it they want to do? It was developed in the hearings that in secret they wish to make concessions, and intend to make concessions, and consider that they have a mandate to make concessions, to do a vast variety of diplomatic and other things, including a mandate to shape our economy as a whole in the way they think it should be shaped—all in secret, all without hearings, all without standards.

Mr. President, I challenge anyone to point to the place in the Reciprocal Trade Agreements Act, the original act or as it has been extended, where there is any grant of flamboyant power of that kind. But that is what they want to do. That is what they have said they want to do. That is the way they interpret the bill which is before us. It does not matter what is in the bill; they are the people who would execute the bill, and they say it is a mandate to them to use reciprocal trade as an instrument to accomplish their notions of how the economy of the United States as a

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whole should be handled. That is what the Senate is voting for when it votes against this peril-point procedure. Do not be surprised at the consequences.

What is the future need for this peril-point procedure? Every day the fact is becoming better known that the official values of almost all of the currencies of the world are grossly out of line with their proper values. This administration is bringing pressure on the meeting that is now being held at Washington for wholesale devaluations, and wholesale devaluations are inevitable if we are to save from destruction the economic life of the world. When the water is shaken out of these grossly inflated currencies, when they are brought to anything resembling the value they would have in a free market place, every trade agreement we have, including those just negotiated at Annecy, will not be worth the paper they are written on. They will all have to be renegotiated if this system is retained, and when they are renegotiated we had better have the reminder of the peril point. We had better put the peril point in this legislation because if we do not do this those conducting our tariff affairs will be found to be pursuing their strange notion of running our economy as a whole. When these devaluations take place, a new flood of imports will be coming into this country, which will engulf our economy, unless we pay some attention to the need for safeguarding our domestic producers and our wage earners against serious injury or the threat of it.

Mr. President, this opposition to the peril-point procedure is all of a piece with what was done at Geneva in the multilateral trade agreements.

At Geneva those who handle our trade affairs put it out of their power to safeguard our economy. They put the value of our money, the conversion values of our and foreign moneys, allocations of materials, dumping matters, matters penetrating clear across our internal economy, into the hands of 23 contracting parties. We have one vote out of the 23. We have about 25 per cent of the external trade of the world. We have 50 per cent of the income of the world. Yet in that organization, as it has been set up, which is proclaimed to be provisionally effective, we have one vote out of 23. Of those 23 countries there is only one country that has any comparable importance in external trade, and that is Great Britain. The smallest of those countries, a country such as Lebanon, has as much voting power as we have.

Mr. President, we are the honey pot of the world. Everyone of those parties has a possible adverse interest against the United States. Nevertheless, our way of safeguarding the domestic producer is to put his fate into the hands of those nations. Most of the decisions are by majority. Some of them are by two-thirds vote. There is a nullification provision in the agreement whereby the members can nullify any trade concession and any trade agreement which has been made. In the agreement there are several provisions which require a unanimous vote in order to be released from the agreement. The tie which they have established to the proposed I.T.O. is one of them. It takes a unanimous decision to get us out of that illegitimate connection with I.T.O.

Mr. President, Congress has never approved the Geneva agreement. It has expressed a *caveat* against some of the provisions. Yet the executive department maintains provisional acceptance of them. I.T.O., they admit, has to come to Congress to be approved. Some say it must be approved by treaty, some say it must be approved by both Houses of Congress, but it is admitted that I.T.O. must come to Congress to be approved. Of course, it has to come here to be approved. It has more potency in it, it has more direct influence on our internal economy, than the United Nations, and the document creating that organization was considered by the Senate as a treaty.

Yet this agreement—mind you, I am contrasting the promise of safeguarding with the fact—this provisional agreement which contains the heart of I.T.O., puts our fate into the hands of adverse parties, subjects our protection to the indulgence of other nations, has not been approved by the Congress, and again and again during the hearings it was said they were not going to submit it to the Congress.

The issue is very simple. Do we approve of these things or do we not? Will we reject a

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simple proceduce which should not bother anyone who is confident of the rightness of what he is doing, but which should have a deterring effect upon those who wish to pursue secret and unauthorized purposes?

I suggest that we shall serve our country well by reauthorizing the peril-point procedures.

. . . . . .

Mr. GEORGE, Democrat, Georgia. Mr. President, at the outset let me invite attention to the possible misinterpretation by the distinguished Senator from Colorado of the remarks made by the distinguished and able Senator from North Carolina [Mr. GRAHAM]. The Senator from Colorado seems to have understood the Senator from North Carolina to say that the Tariff Commissioner, with his special knowledge, would not be permitted to participate in the determination of the terms of any agreement, and would not be allowed to participate in any final decision with respect to the fixing of peril points or cast a vote.

Actually I think the Senator from Colorado misunderstood the distinguished Senator from North Carolina, because both statements are true, in point of fact. I read section 4 of the act of 1948:

> SEC. 4. The Commission shall furnish facts, statistics, and other information at its command to officers and employees of the United States preparing for or participating in the negotiation of any foreign-trade agreement; but neither the Commission nor any member, officer, or employee of the Commission shall participate in any manner (except to report findings, as provided in sec. 3 of this act and to furnish facts, statistics, and other information as required by this section) in the making of decisions with respect to the pro-posted terms of any foreign trade agreement or in the negotiation of any such agreement.

That was the statement made by the distinguished Senator from North Carolina. He was stressing the point that while the Commissioner sat in his personal capacity as a member of the committee, and was possessed of all the knowledge he had as a Commissioner, yet under the peril-point procedure he was deprived of the right to participate in the final vote or final decision. . . .

Mr. President, at this time I should like to read into the RECORD—because I have just received it—a letter from the Honorable Cordell Hull. The letter is dated at Washington, D. C., September 15, 1949, and is addressed to the senior Senator from Georgia. It reads as follows:

> I have watched with intense interest the current congressional debates on the reenactment of the reciprocal trade agreements legislation. The bill on this subject, already passed by the House of Representatives and reported by you to the Senate, is, in my opinion, eminently those under which the reciprocal trade agreements program was conducted for 14 years after we first embarked upon it in June, 1934. My long and close observation of the operation of the program convinces me that the procedures employed met every test of wise statesmanship. The interests of our industry, labor, and agriculture were amply safeguarded, and the entire nation benefitted greatly from the increase of commerce and the improvement of international relations brought about by the program.
>
> Today I feel more strongly than ever that our nation must continue and vigorously apply an active reciprocal trade agreements policy. That policy has always had—and merited—substantial bipartisan support. It is an indispensable cornerstone of enduring peace based on international cooperation upon the success of which our own security and prosperity depend.
>
> Sincerely yours,
>
> CORDELL HULL.

Mr. President, before proceeding to a brief consideration of the first amendment to be voted upon, I feel that it is necessary to note certain others of the pending amendments. I shall not deal with them at length, in the limited time available; but I wish to invite the attention of the Senate to them because we must begin to vote on them afer four o'clock.

First, I wish to refer to the amendment offered by the distinguished senior Senator from Nebraska. [Mr. BUTLER], regarding which I had a few words of observation to make yesterday afternoon. With respect to the fairness of the amendment, there could be no controversy; but with respect to the policy of inserting it into the Trade Agreements Act, it should be noted that it would be entirely nugatory of any possible negotiated agreement respecting trade

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or commerce. It would require substantially what already is in the law or in the executive order with respect to agreements which have been made since 1943, to wit, that each shall include the escape clause. But the amendment would also require the renegotiation of or the insertion of the escape clause into the trade agreements made prior to that time, which do not now contain such a clause. Precisely this would be the situation under the amendment: Our negotiators would be invited to renegotiate the trade agreement with Switzerland or with X country; but the very law which authorized that to be done would specify particularly what shall be put into it. There being but one main point to the renegotiation, so far as we would be concerned, certainly the opposite side could demand virtually anything they wished to have go into the agreement. Their argument would be, "If you do not agree to 1, 2, 3, 4, 5, and 6, which we demand, we will not agree to the thing which your own Congress has required you to obtain from us."

BUTLER AMENDMENT

So there would be no renegotiated trade agreement at all. In short, the amendment would be a great mistake. The purpose of the amendment is all right. Certainly the State Department and the President should busy themselves in seeing to it that all of the few earlier agreements do contain an escape clause, and they should do that as early as one can be negotiated. But to require by law that that be done would, of course, be to give the opposite party all the trading advantage.

Now I come to the second amendment suggested by the distinguished junior Senator from California [Mr. KNOWLAND], which he has already discussed. His amendment would require the termination of all agreements with countries which discriminate against us. That would be the effect of the amendment, that would be its ultimate end.

In view of the world-wide dollar shortage or, to put it the other way around, the lack of purchasing power by many nations to acquire goods and services in countries in which the dollar is the unit of currency and of value, the necessity exists in almost every nation of the earth today to budget its affairs in such a way as to limit its own dollar purchases, and to buy in countries where its own currency is acceptable. I think no one will controvert that fact. Therefore, some type of discrimination is inevitable at the present time.

I do not condone the discriminations which have taken place. In one instance we have been compelled to cancel a schedule contained in a trade agreement with one of our South American neighbors, and we may be compelled to cancel another schedule, because of discrimination. Therefore, I do not wish to be understood as condoning discrimination.

But in our own case it could be said of us that we were discriminating against other countries in giving preferential tariff treatment to Cuba.

Mr. ROBERTSON, Democrat, Virginia. Mr. President, will the Senator yield at this point?

Mr. GEORGE. I am sorry, but I do not have sufficient time to permit me to yield at this moment to my distinguished friend.

Mr. President, it is true that we have a treaty with Cuba, but it is also true that we are practicing discrimination with Cuba, as compared to the treatment given the goods and services coming from other countries. Therefore, at this time, in the confused and chaotic condition of world affairs, if we were to adopt this amendment, it would be tantamount to the termination of practically all our trade agreements. Under the most-favored-nation clause, which is incorporated, or has become a part of all of them, it would mean the end of all of them. It would mean the return to the Smoot-Hawley Tariff Act because the Trade Agreements Act is not a tariff act within itself; it is only an instrumentality or a bit of machinery provided for the purpose of negotiating trade agreements.

Mr. KNOWLAND, Republican, California. Mr. President, will the Senator yield for a brief comment? I am sure the Senator wants his position to be clear on this question.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Georgia yield to the Senator from California?

Mr. GEORGE. I yield, though I have a very limited amount of time.

Mr. KNOWLAND. Under its terms, the amendment would not require the cancellation of any agreement now in existence until the

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termination date of the agreement. I wanted that to be clear.

Mr. GEORGE. The Senator is quite right. But nearly all of the agreements are now terminable. They could practically all be terminated as of now; certainly after a six months' notice.

I wish now to refer to the Thomas amendment, because it is an amendment which has attracted the attention, of course, of most of us in the Senate. All of us have some general knowledge of the petroleum industry and some general knowledge of the recent increase in imports. But under this amendment there would be introduced into the law the worst form of trade barriers, to wit, quotas. It would establish a precedent for special treatment of particular products in the Trade Agreements Act. It would establish a precedent for particular treatment of every dutiable article. Mr. President, think of it. If it should be adopted, then the precedent would be before us for the impostion of quotas upon every single dutiable article in the Tariff Act. That means tariff making again with a vengeance by the Congress itself. The primary purpose of the Trade Agreements Act was not a sinister motive to vest in the President larger powers, but it was the earnest purpose to get away from further tariff making by the Congress. That is no reflection upon the Congress. But I stated the fact before, and I want to state it again. The Tariff Act of 1930 occupied the time of the Senate Finance Committee of that day, of which some of us were members, for more than a year. When it was completed it was a monumental example of pure log rolling. Everyone who wanted protection for his own product had to agree with everyone else who wanted protection, or else he did not get it. It was merely plain common sense to enter into an agreement in order to work out something which would protect the particular product or goods of a Senator who had an amendment he wished to include in the bill.

Mr. President, what I have said with respect to the introduction of the principle of quotas, the most offensive and obnoxious trade barrier which can well be imagined, is equally applicable of course to the amendment offered by the distinguished Senators from West Virginia. I do not say that some of the products might not be entitled to tariff protection over and above their present protection, and if we were making a tariff bill, I certainly should have no hesitation in saying that the fur industry, for instance, has a good case for relief. But the amendment affecting the fur industry is not at all an amendment to the Reciprocal Trade Agreements Act; it is an amendment to the Tariff Act. It is offered as such. If it be accepted, therefore, the whole question of tariff, all the dutiable items, and all the schedules could, with perfect propriety, be considered here upon their merits.

The oil amendment which has been offered, while objectionable in form, and I think, based upon a temporary condition which will right itself before the winter months are over, may, however, be entitled to some favorable treatment or consideration on its merits, but not as an amendment to the Trade Agreements Act; and I should certainly not want to sanction the introduction of the quota system, by wholesale, into our tariff system.

Let me say I think I may claim some friendship for oil. I think I may claim to have done some things for oil which are far more important than the five per cent quota which is suggested. Oil has a percentage depletion allowance of 27½ per cent. That is, 27½ per cent of gross income is subtracted in computation of the net taxable base. Is not that something? We talk about stopping wildcatting and exploration, but how can that be done so long as we are wise enough—and I think it is wise—to give a percentage depletion allowance to an industry which has a natural or at least a limited base.

Not only that, but intangible drilling costs of new wells and new outlets may be capitalized by the petroleum industry or anyone engaged in it, or the item may be treated as expense and charged off. Think of that. This industry has a percentage depletion allowance of 27½ per cent deducted from its gross income before it is called upon to pay a dime of federal tax, and this industry may charge off its intangible drilling costs or may capitalize them. As a matter of business they charge

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them off as an expense item, and no one blames the industry. I am not complaining about it, but I am pointing out that the government at least has pursued toward the producers of oil a liberal policy which I think does not give the shadow of ground and basis of complaint at this time.

There has been a marked increase in oil imports. I do not think Far-Eastern oil can ever become a permanent threat to the petroleum producers of this country. On the item of transporation alone, let us look at the facts. Domestic production has a great transportation advantage in the American market. The United States maritime rate for domestic crude oil moving from the Gulf to the eastern seaboard is 37½ cents a barrel. Middle East crude oil from the Persian Gulf, laid down on the eastern seaboard, is subject to a United States maritime rate of $1.75 a barrel and a tariff rate of 10½ cents a barrel. The net disadvantage to Middle East oil moving to domestic markets is $1.48 a barrel, a disadvantage which, in my judgment, is sufficiently large to absorb any disadvantages in labor costs, because oil operators in the Middle East are not inexperienced and unskilled.

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Mr. GEORGE. Mr. President, I wish to say a very few words about the peril-point amendment, the subject immediately before the Senate. . . .

In addition to what I have already said, Mr. President, I must insist that the peril-point amendment goes definitely back to the protectionist theory as set forth in the act of 1916 and reasserted in the act of 1930, the Smoot-Hawley Act. In that act will be found the provision for the reorganization of the Tariff Commission. Among its express powers it has one power, one particular responsibility, which is this:

> It shall be the duty of the Commission to investigate the difference in cost of production of any domestic article and of any like or similar foreign article.

That is the basis of the Tariff Commission's power and authority to find a peril point. If that does not carry us back by the terms of the organic act itself to the Smoot-Hawley Tariff Act, then I do not know how to interpret the law on the subject.

It has been insisted that of approximately 400 articles considered by the Tariff Commission under the act of 1948, that is, under the peril-point provision, the Commission was able to reach an agreement on 90 per cent of the articles, and it, of course, made a decision with respect to 10 per cent by less than a full Tariff Commission.

Most of these items, however, says Dr. Ryder, the Chairman of the Commission, were items as to which there could not be any room for disagreement, but, on the other hand, articles upon which there was disagreement were, for the most part, the important articles which are going to be the subject of controversy in negotiations. They are the articles which bulk large in the negotiations.

Mr. President, in closing I want to make one answer to those who assert that if we approve the escape clause we are thereby logically bound at least to confess a belief in the peril-point amendment. Let me read just one sentence:

> There is a great difference between an assurance that the totality of the action taken in a trade agreement will not be such as to cause or threaten serious injury to any American industry, and a rigid requirement that a single agency must calculate with precision in advance, considering each case in isolation, a peril point which will in effect guarantee against threat of injury for at least three years to come.

One is the escape clause. The latter is the so-called peril point; and it is designed, whatever may be its intent, to create a condition of rigidity and overcaution on the part of the Commission. It definitely goes back to the basic standard fixed in the Smoot-Hawley Act for the determination of the single matter which can be considered in fixing the peril point.

The VICE PRESIDENT. The time of the Senator from Georgia has expired. All time for debate has expired, and under the agreement the Senate will proceed to vote en bloc on the amendments offered by the Senator from Colorado [Mr. MILLIKIN].

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The result was announced—yeas 38, nays 43.

So Mr. MILLIKIN's amendments were rejected.

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